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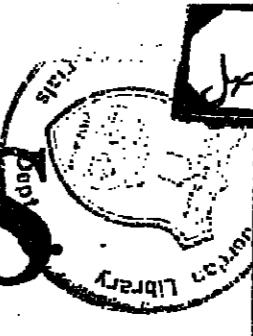
# FINANCIAL TIMES

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Thursday May 6 1982

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## NEWS SUMMARY

### GENERAL

## Polish bishops condemn unrest

Polish bishops issued a statement condemning the recent disturbances throughout the country.

The unrest was "delaying normalisation and disorienting the young," they said.

A communiqué issued after a church-state commission meeting said that discussions "had continued" and expressed concern at disturbances. Page 2; Feature, Page 23

### Call off strike'

A TGWU recommendation to call off the national dock strike due to start on Monday will go before a delegate conference on Saturday. Back Page

### Unilateral plan

The Labour Party seems set to commit itself to a non-nuclear defence policy, based if necessary, on unilateral action. Page 12

### N-chief killed

Gummen shot dead the director of a nuclear plant under construction near Bilbao in Spain's Basque region. Page 2

### Bombs seized

More than 3,000 petrol bombs were seized in the Ardoyne area of Belfast in an operation on the eve of the anniversary of Bobby Sands' death.

### Police cleared

Two Liverpool police, driver and passenger of a van that fatally injured a man during the Toxteth riots, were cleared of manslaughter.

### Brothers freed

Two whites were cleared of subversion charges in Bulawayo after a magistrate's court decided it had not been proved the brothers knew of an arms cache on their farm.

### Attack on 'reply'

The chairman of the Press Council strongly attacked proposals for a statutory right of reply in the media.

### Hungary for IMF

Hungary will become the 146th member of the IMF today, the only East European member apart from Romania.

### Satellite aid

The USSR is using satellite surveys in a project to divert rivers from Siberia to the arid south through old river beds.

### 'No' to art claim

A U.S. appeals court ruled that two Albrecht Durer paintings stolen from Germany during World War II belonged to an East German museum and rejected New York's claim.

### Pop star's victory

Pop star Gilbert O'Sullivan won his High Court fight for the copyright of his songs and master tapes of his records.

### Record discord

The Wolfstones, Ireland's popular folk group, have made a record to mark the 1777 birth in Ireland of William Brown, who created the Argentine navy.

### Regal Street

The Queen and Prince Philip visited Coronation Street's newly-built location near the Granada TV centre.

### Briefly . . .

MCC's new president is RTZ chairman Sir Anthony Tuke. Hong Kong put up the cost of petrol, licences and duty in an effort to cut road traffic. Bishop of Hereford, 62, started a 200-mile pilgrimage on foot through his diocese.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

|                   | RISES    | FALLS    |
|-------------------|----------|----------|
| Brent Walker      | 85 + 5   | 170 + 40 |
| Channel Tunnel    | 180 + 8  | 143 + 3  |
| Henderson (P. C.) | 162 + 5  | 98 + 55  |
| P & O Dfd         | 340 + 10 | 183 + 5  |
| Renotek           | 76 + 5   | 76 + 5   |
| Rothmans          | 150 + 4  | 150 + 6  |
| Uti Scientific    | 150 + 4  | 150 + 4  |
| Berjuntai Tin     | 150 + 4  | 150 + 4  |
| Malaysia Mining   | 150 + 4  | 150 + 4  |
| Trident TV A      | 75 - 7   | 75 - 7   |
| Tube Inv.         | 150 + 6  | 150 + 6  |
| Turner and Newall | 65 + 3   | 65 + 3   |
| UBI               | 310 + 8  | 310 + 8  |
| LASMO             | 345 + 8  | 345 + 8  |
| Seitrus A         | 47 + 7   | 47 + 7   |

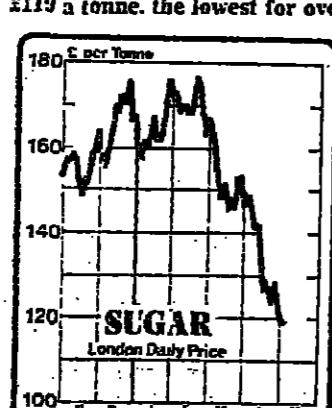
### BUSINESS

## Equities off 8.8; gilts lose 0.31

EQUITIES: the FT 30-share index fell 8.8 to 575.4. Page 39

GILTS: the Government Securities Index slipped 0.31 to 67.67. Page 39

RAW SUGAR daily price in London was marked down to £11.9 a tonne. The lowest for over



two and a half years. Record world sugar output forecast. Page 33

WALL STREET was 0.66 down at 833.79 near the close. Page 38

STERLING rose 92.5 points on the day against the dollar to close at \$1.80575. It fell to DM 4.1875 (DM 4.2125), SwFr 1.955 (SwFr 1.952) and FF 10.925 (FF 10.9475). Its trade-weighted index was 93.6 (99.1). Page 40

DOLLAR dropped to close in London at DM 2.3175 (DM 2.3435), SwFr 1.935 (SwFr 1.957) and Yen 233.85 (237.35). Its trade-weighted index was 112.6 (113.5). Page 40

GOLD fell \$6 in London to \$33.5. In New York the Comex May close was \$33.7 (34.4). Page 40

EXECUTIVE CONFIDENCE has increased but there has been little improvement in demand or output, says the CBI's quarterly survey. Back Page and Page 14

LICYD'S LEGISLATION would oblige brokers to sell their shares in 114 underwriting agencies, whose business is worth a total of up to £100m. Page 12

NCC stake sold to U.S. company

RECEIVERS of Birmingham and Midland Counties Trust, the investment company, are selling its 36 per cent stake in NCC Energy to Cook International, the U.S. pest control and insurance broking company, for \$2.5m. Mr Graham Ferguson Lacey and Mr Cecil McBride have resigned from the NCC board. Page 28 and Lex. Back Page

GENERAL ACCIDENT feels the cold

BY ERIC SHORT

BRITAIN AND Argentina appear to be weighing their military options last night following five days of confrontation in which both sides have lost a major warship and considerable numbers of men.

As Mr John Nott, the Defence Secretary told a packed House of Commons yesterday afternoon that 30 British seamen were still missing following the destruction of HMS Sheffield on Tuesday, there were suggestions that the Government had decided to adopt a defensive posture at least for the time being.

There have been persistent reports that the Government was planning to order elements of the task force to invade the Falkland Islands in an effort further to isolate the Argentine garrison of 6,700 there.

Neither Mr Nott nor his Defence Ministry spokesmen would comment yesterday on strategy, beyond repeating that the task force in the South Atlantic would continue with the stance of both sides.

Mr Nott gave the barest outline of the action which destroyed the Sheffield. In a statement which differed very little from that he made on Tuesday night, he confirmed that the ship was hit by an Exocet missile, and that the resulting explosion caused a major fire. Orders to abandon ship were given at 7 pm London.

Neither Mr Nott nor his Defence Ministry spokesmen would comment yesterday on strategy, beyond repeating that the task force in the South Atlantic would continue with the stance of both sides.

General Accident, the UK's main re-insurer, has suffered a major loss of £11m in this year, mainly on motor and small businesses, cost £8.2m.

Pre-tax losses are rare for a UK insurance composite.

Usually investment income

earns more than offsets the

underwriting losses—the difference between premiums received and claims and expenses paid out.

But for General Accident, a

20 per cent first quarter income

growth to £42m was insufficient

to cover worldwide underwriting losses tripling to £34m, half of which arose in the UK.

GA is Britain's largest motor

insurer but half its UK losses

came not from motor business

but from its private household

sector. Damage to houses and

contents from burst pipes, floods

and storms cost £10m. Claims

from its traders account—

mainly insurance on shops and

small businesses, cost £8.2m.

The winter had much less

impact on the group's UK

motor insurance business.

Many of the 1m or more motorists

on the group's books did not

take their cars out during the

bad weather. Even so the number

of claims climbed 16 per

cent above the average for the

time of year and bad weather

claims accounted for about half

of the £7m motor deficit.

insurance company to report its

first quarter results and the UK

losses are far higher than

expected. The British Insurance

Association estimated in March

that the severe weather had

cost UK insurance companies

more than £200m. The figures

from GA would indicate that

this is a gross underestimate.

Specialist stockbrokers consider £300m a more realistic total.

The disappointing figures

resulted in the share price of

General Accident dropping 8p

to 290p at the close. The share

prices of other insurance groups

also fell on GA's results.

Details, Page 26

Lex, Back Page

CONTENTS

## Haig leads diplomatic moves to end Falklands conflict

BY REGINALD DALE IN WASHINGTON AND PETER RIDDELL IN LONDON

AN URGENT new diplomatic effort to solve the Falklands crisis by peaceful means was underway yesterday, centred around Mr Alexander Haig, the US Secretary of State.

Officials in Washington said negotiations had entered a "continuing phase of intense diplomatic activity" and the White House said it was in contact with other governments "virtually round the clock."

In London yesterday Mr Francis Pym, the Foreign Secretary, told the Commons that "a vital ingredient of the ideas is an early cease-fire and the prompt withdrawal of Argentine forces."

It is clear that the British Government will not agree to a ceasefire without a prior commitment to a withdrawal of forces and clear evidence that this undertaking is being fulfilled. Mr Pym indicated last week that under these conditions there might be parallel movements in British forces.

The clear impression given both in the Commons and by officials is that the focus has now switched to diplomatic pressures on the Argentine. The implication is that British military action will be limited to enforcing the total exclusion zone around the islands. Speculation about any significant escalation of military activity was being discouraged last night.

This emphasis clearly reflects in part international unease about the conflicts since the weekend.

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## EUROPEAN NEWS

# Poland's bishops critical of street clashes

BY CHRISTOPHER BOBINSKI IN WARSAW

Roman Catholic bishops in Poland have strongly criticised demonstrations and clashes with the police over the past few days. But after a meeting in Zielonka which ended on Tuesday, they also demanded a "dialogue with the authorities and society," saying that "the trade unions have a special place in this process." This is a reference to the suspended Solidarity union movement.

"Constructive talks, which cannot be put off without serious and irreversible harm to the nation and the state, demand an atmosphere of calm in the country," the bishops say.

Local authorities in Warsaw, Gdansk and Szczecin, meanwhile, have reimposed curfews and other restrictions following the clashes. In Gdansk, private vehicles have been banned from the streets and sales of alcohol made illegal.

The bishops say in language which closely resembles official reasoning: "The new unrest in the country delays the implementation of social accord, hinders the steps towards normalisation and disorientates the young."

This is the strongest language the Church has used about civil unrest against the authorities and is likely to be greeted with relief by the Government. It shows that the Church, for the moment at least, can be relied upon to call for order. Its strictures, read in churches and broadcast by the official media, will help stabilise the situation. At the same time, however, the bishops have reminded

## Norwegian transport strike called off

By Our Oslo Correspondent

NORWAY'S TWO-week-long transport strike was halted yesterday following a statement by Mr Arne Rettig, the Minister of Labour, that he would enforce wage settlement.

The Minister said he intervened because he feared that if the number of industrial lay-offs as a direct result of the strike would increase dramatically if the action continued. The figure topped 8,000 this week.

The Government's arbitrator twice called a meeting of both sides during the dispute in a vain attempt to find a basis for settlement.

Reuter adds: "The Polish authorities yesterday absolved the Church from blame in this week's riots but warned it against manipulation by extremists."

Gen Czeslaw Kiszcak, the Interior Minister, told Parliament that the martial law authorities did not believe the Church had supported demonstrations, but it should be aware that such crowds could easily develop into a destructive force.

"Street disturbances do not help the Church fulfil its religious mission and do not serve its interests," he said.

The religious leaders had an opportunity to make these points to the Government at a meeting of the church-state commission yesterday. It will allow the church authorities to gauge how seriously the Government intends to talk about political solutions.

### Submarine payment

The Soviet Union has agreed to pay more than SKr 1m (£26,000) compensation following the stranding of a Soviet submarine near Sweden's Karlskrona naval base last October. Swedish officials told Reuter in Moscow.

The face of Welsh industry has changed dramatically in recent years.

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## Basque gunmen kill N-plant director

BY OUR MADRID CORRESPONDENT

THE DIRECTOR of the nuclear power plant nearly completed at Lemóniz near Bilbao was assassinated yesterday in an attack which bore the hallmarks of Eta, the militant Basque separatist organisation. Sr Angel Pascual Mugica was hit in the head by gunmen who fired on his car from a passing vehicle in a Bilbao suburb.

Sr Pascual was accompanied by two bodyguards who returned the fire, and by his 16-year-old son who was hit

in the hand.

The shooting occurred just hours before the Basque government was due to sign an agreement creating a special regional energy corporation which it would control and which would take over the operation of Lemóniz from the private utility, Iberduero. This followed almost a year's delicate negotiations between Madrid, the Basque government and the company about the future of the \$7bn nuclear plant.

Work at Lemóniz has been at a standstill since February 1981 when Eta assassinated Sr Jose Maria Ryan, Iberduero's chief engineer at the plant. Eta first kidnapped Sr Ryan and demanded a halt to work on Lemóniz, but the company refused to comply.

His death led to the biggest-ever demonstrations against the separatist organisation in the Basque country, but all the technical workers at the plant withdrew for fear of their lives. The Madrid

Government rejected suggestions by the Basque administration to hold a referendum on the future of Lemóniz, and two months ago a formula was agreed, which it was hoped, would lead to resumption of work.

Iberduero has retained its ownership of the 930 MW twin unit but the Basque government has taken over its operation while the national nuclear safety council assumed responsibility for safety.

## More out of work in France last month

By David White in Paris

UNEMPLOYMENT in France rose a further 1.2 per cent in April on a seasonally adjusted basis, bringing the total to 1.99m.

This represents a 15.5 per cent increase in the number of jobless during President François Mitterrand's first year in office, compared with a growth of almost 20 per cent in the previous 12 months.

April marked the sixth successive monthly increase in the adjusted figures, following rises of 1.7 per cent and 0.7 per cent in February and March.

Uncorrected figures published on a provisional basis by the Labour Ministry show a drop, however, for the second time running. The total, which fell below the psychologically important 2m mark in March, came down by a further 1.6 per cent to 1.93m. This was 1.73 per cent more than in April 1981, the last full month of the Giscard Government.

David Housego adds: A warning of a potentially alarming rise in social security costs has been given to the French Government by Insee, the official statistics bureau. Estimates in its latest monthly bulletin suggest that the deficit on social security spending could rise from FFr 40bn (£3.6bn) to FFr 66bn-FFr 120bn (£6bn-£10.9bn) by 1984 at constant 1981 prices.

The expenditures cover health, pensions, unemployment benefits and family allowances. Under the French system, they are financed mainly from employers' and employees' contributions and are administered separately from the government budget through funds jointly managed by employers and unions.

The warning of a spiralling deficit comes on the heels of a projected FFr 37bn (£3.3bn) shortfall for 1982-83 in the unemployment benefit fund (Unedic) alone.

An overhaul of the financing of the social security fund (excluding unemployment benefits) had been expected this year. It was recently postponed, however, as a result of the Government's decision to freeze employers' contributions to the fund at existing levels until mid-1983 in an attempt to ease industry's costs.

The financing of social security expenditures in France, as in most West European countries, threatens to impose an increasingly heavy burden on wage earners' incomes in the future.

## Hungary on verge of joining IMF

By Reginald Dale, U.S. Editor in Washington

THE FINAL formal procedures for Hungary's admission to the International Monetary Fund are under way in Washington this week.

The process is expected to be completed in the next few days with the signature of an official certificate of agreement by Mr Jozsef Marai, the Deputy Prime Minister, who is on an official visit to the U.S.

Mr Marai has been holding talks with U.S. government officials and with private bankers, who are expected to show increased confidence in lending to Hungary once it formally becomes a member of the Fund. Hungary is not thought likely to seek an immediate drawdown.

Western bankers' confidence in Eastern Europe has been severely shaken by events in Poland, as well as by last year's failure by Romania to keep up with its debt payments.

Two weeks ago, however, officials said that Romania had successfully completed negotiations with the Fund on reopening an SDR 1.1bn (£660m) standby credit which the country had been prevented from using since last November.

## Cyprus wants £250m aid from Britain

BY DAVID TONGE

MR NICOS ROLANDIS, the Cypriot Foreign Minister, is to meet Mr Francis Pym, his British counterpart, today to present a request for £250m in aid which, he argues, Britain has failed to give in the past 17 years.

Under the treaties establishing the Republic of Cyprus, Britain agreed to give aid to the newly independent government and obtained two sovereign bases on the island.

Mr Rolandis yesterday admitted that he was not very sanguine about obtaining the aid, but at least in part the request appears intended to remind the world that the Cyprus dispute remains unresolved.

The Greek Government has been insisting that far more weight should be given to "internationalising" the problem and has clashed with Nicosia over this.

Only last week, Mr Andreas

Papandreou, the Greek Prime Minister, wrote to President Spiros Kyprianou criticising the latter's recent agreement to accelerate the intercommunal dialogue with the Turkish Cypriots and his formal pact with Akel, the Cypriot Communist Party.

Athens and Nicosia have now begun to close ranks again and both remain critical of the slow progress being made in the intercommunal talks.

President Kyprianou has agreed to continue these talks until he goes to the United Nations in June when he will review the talks' progress with Mr Javier Perez de Cuellar, UN Secretary-General.

Major problems remain over the form of republic to be established, though the Turkish side is now making clear that it will agree to withdraw from about one-sixth of the 36.8 per cent of the island which it seized in 1974.

## Haughey promises strict control of public spending

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Prime Minister, Mr Charles Haughey, said yesterday that the Government intends to adhere to its borrowing targets through rigid control of the public finances. Speaking in the budget debate, he said that any additional spending would have to be met by cuts elsewhere.

Additional taxation might be needed, but he said the possibility of raising extra revenue were becoming increasingly limited and there was a definite

public opposition to further tax measures.

"It is mandatory, therefore, that we give greater attention to controlling the growth in public expenditure so as to avoid taxation increases," he told Parliament.

Mr Haughey also said there would have to be a new emphasis on exports, since the present arrangements and resources were not sufficient to generate the increase in exports which recovering international markets would offer.

## Italy's Christian Democrats look for leader to head party revival

BY RUPERT CORNWELL IN ROME

DELEGATES TO the congress of Italy's dominant Christian Democrat Party were last night due to elect a secretary who will lead the party in what promises to be one of the most crucial periods of its history. The result is unlikely to be known until early today.

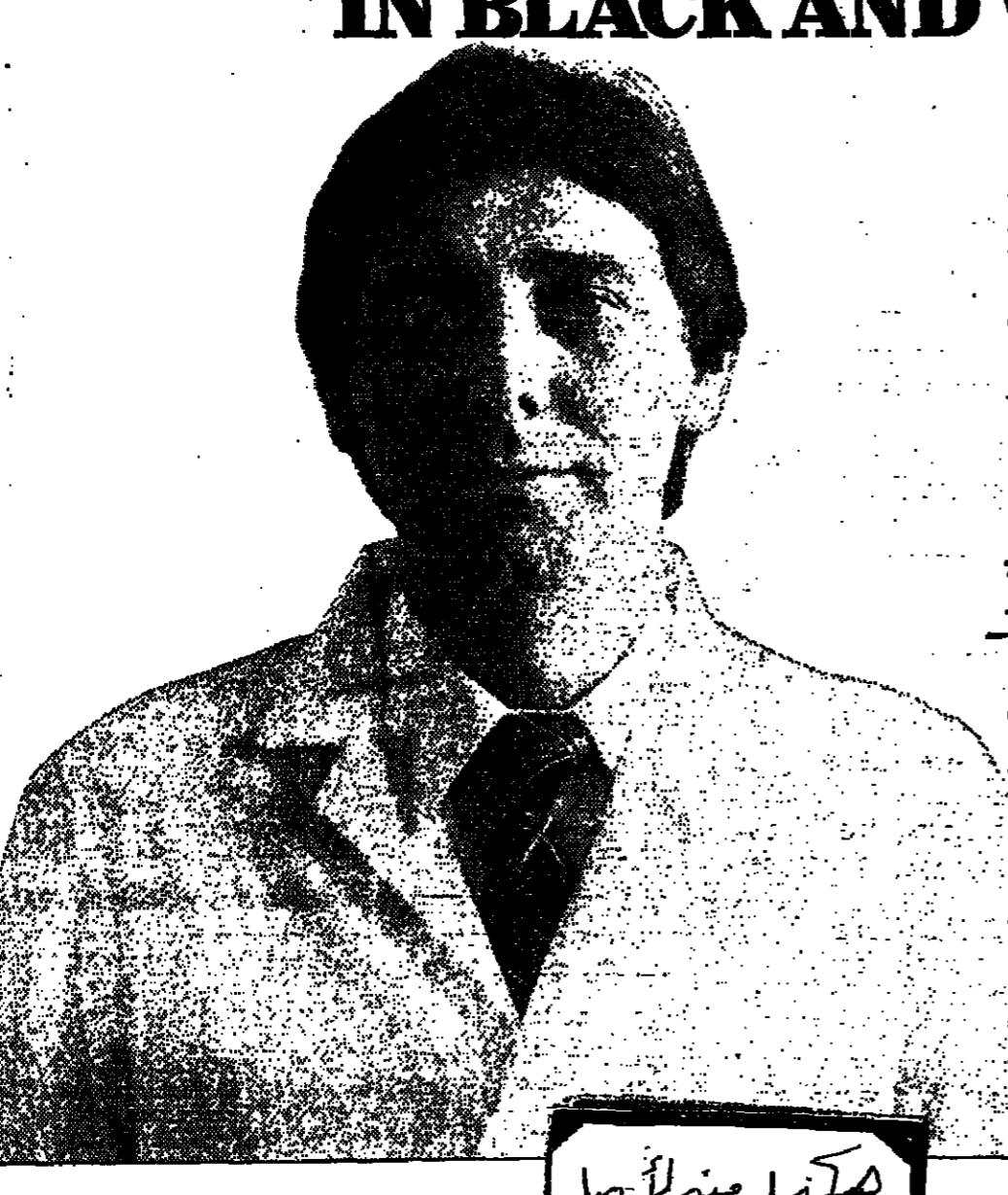
Up to the end, the favourite still appeared to be Sig Ciriaco de Mita, the deputy secretary. But the new system of direct election made the outcome uncertain. Previously, the secretary has been designated by leaders of factions controlling a majority of the Christian Democrat national council.

If delegates follow the indications of faction leaders, Sig de Mita, who is on the left wing of the party, could win up to 60 per cent of the votes, compared with 40 per cent for his only rival, Sig Arnaldo Forlani, the former Prime Minister and current party president.

Forlani, Sig de Mita, for his part, is supported by the faction led by Sig Benito Zaccagnini, a previous secretary, who commands about 30 per cent of delegates. He is also backed by a new grouping called "New Democratic Initiative" headed by Sig Flaminio Piccoli, the outgoing secretary, Sig Amintore Fanfani, a former Prime Minister and traditional party kingmaker, and Sig Giulio Andreotti, also a former Prime Minister.

All reject any notion of allowing the opposition Communist Party into government, but those behind Sig de Mita are still advocating greater co-operation with the Communists as a counterweight to the Socialists.

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more out  
of work  
in France  
last month

## Business leaders call for U.S. budget compromise

BY DAVID LASCELLES IN NEW YORK

**BUSINESS LEADERS**, showing mounting anxiety about the U.S. budget crisis, yesterday urged the Administration and Congress to hasten their efforts to find a compromise.

The call was issued by the Business Roundtable, an elite lobby group consisting of senior executives of many of the largest companies and banks. It is headed by Mr Clifton Garvin, chairman of Exxon.

In a brief but tersely worded policy statement, the roundtable urged the Administration and Congress "to reach a prompt settlement of their differences," adding, "such a settlement is critical to getting the economy back on a sound footing."

The Roundtable reaffirmed its earlier support for the basic direction of President Reagan's economic policies and said it would be willing to see limited tax increases as well as spending restraint to bridge the budget gap.

The statement, the Roundtable's second since the budget crisis blew up earlier this year, stems from the business community's growing anxiety about the depth of the recession, which it blames largely on the high interest rates caused by the \$100bn plus deficits that loom in the Reagan budget plans.

In its first statement in March the Roundtable laid out a number of possible steps to narrow the deficits, including taxes on consumption and defence spending cuts, both of which might be harmful to business.

Anatole Kaletsky in Washington adds: In Congress, the tortuous process of budget making began in earnest yesterday when the Senate Budget Committee met to consider the first concrete alternative to President Reagan's discredited 1982 budget.

The chairman of the Republican-dominated committee, Senator Pete Domenici, put forward a plan to increase taxes by \$125bn over the next three years, to freeze most spending programmes for a year and to cut about \$5bn from the Reagan rearmament programme.

These measures, he said, would reduce next year's budget deficit to around \$90bn.

## Salvador coalition Cabinet takes office

By Hugh O'Shaughnessy

**EL SALVADOR'S** Christian Democrats, extreme Right-wing Arena and conservative Party of National Conciliation (PNC) have each gained four seats in the 15-strong cabinet appointed in San Salvador on Tuesday. The other three seats are filled by independents.

The list of the new Cabinet

was announced by President Alvaro Magana after more than a month of bargaining since the elections for a constituent assembly in March. The Christian Democrats, led by the then President Jose Napoleon Duarte, polled more than 40 per cent of the vote but were defeated by an alliance of conservative and extreme Right-wing parties.

The four Cabinet seats given to the Christian Democratic Party are seen as the result

of pressure by the U.S. Government, which has strongly supported the group.

Washington has made it clear that any Salvadorean Government of the extreme Right would find difficulty securing support from the Reagan Administration.

U.S. officials have made the same point to the Salvadorean army, whose survival at the hands of Left-wing insurgents depends on continuing U.S. military assistance.

Gen Jose Guillermo Garcia-Defence Minister in the Duarte Government, continues in the post.

The leading Christian Democrat in the new Cabinet is Dr Fidel Chavez Mena who retains the post of Foreign Minister he had in the Duarte Administration. Dr Chavez Mena, is a leading figure on the Right of the Christian Democratic Party.

The leading representative of the extremist Arena is Sr Miguel Muyschondt Yndurain at the Agricultural Ministry.

Arena often declared its opposition to former President Duarte's land reform plans though these were never fully put into practice.

The appointment of an Arena Minister to the agriculture portfolio is seen as effectively ending any agrarian reform which in any case was seen to be beyond the financial possibilities of any Salvadorean Government during the present civil war.

Mr Allan MacEachen, the Minister of Finance and acting

Mary Helen Spooner in Santiago analyses the reasons behind recent cabinet changes

## Growing pressures on Chile's market economy

THE eight-year-old régime of Chile's President General Augusto Pinochet is attempting to solve his country's current economic difficulties without creating any fluctuations in major policy which could give an impression of indecision and further erode confidence in the economy.

On April 19 the régime's ministers and other Cabinet level officials were abruptly ordered to hand in their resignations, in order to make way for new appointments. Three days later, a visibly tired General Pinochet announced the cabinet changes, which included the dismissals of two of his closest collaborators, Sr Sergio Fernandez, the civilian Interior Minister, has been replaced by a military officer, the vociferous anti-Communist General Enrique Montero. The four Cabinet seats given to the Christian Democratic Party are seen as the result

of pressure by the U.S. Government, which has strongly supported the group.

Chilean officials insist that no major changes in the country's free market economic model are contemplated and point out that Sr de Castro was replaced by a like-minded civilian, Sr Sergio de la Cudia, former president of the Central Bank.

Yet Sr de Castro's dismissal is thought to be the result of pressures from those nationalis-

tic officials within the Government who would like to see the state play a stronger role in the economy. This group consists mostly of military officers.

Up to now this internal division between the hardliners and civilian economic officials, such as Sr de Castro, has been skillfully mediated by General Pinochet. The removal of the Finance Minister and the reduced number of civilians in the cabinet—from 11 four years ago to 6 last month—indicates the hardliners' growing influence.

On the other hand, a devaluation of the peso would almost

inevitably spur inflation, as well

as provoke a damaging atmos-

phere of uncertainty over the

Government's dedication to its own policies.

Bad debts and faulty adminis-

tration continue to plague

Chile's banking system. After

selling some of its state-ma-

naged financial institutions and

closing down the others earlier

this year, the Government has

taken over two regional banks

the Banco de Fomento de Bio

Bio, and the Banco Astral. Both

institutions registered losses in

the millions over the past few

months, and the Government

must guarantee depositors'

accounts during the period of

its intervention.

Unemployment in Greater

Santiago, according to the latest

figures from the National

Statistical Institute, has reached

15 per cent, though many pri-

vate economists put the figure

as high as 20 per cent.

The mounting financial prob-

lems in Chile have also pro-

duced some effects from the

ranks of the regime's economic

supporters. The most spectacu-

lar in recent weeks has been

that of former President Sr Jorge

Alessandri.

In a recent speech Sr Alles-

sandi called on the Govern-

ment to alter the fixed

exchange rate and to raise im-

port tariffs in order to protect

Chilean manufacturers. A

recognition of past errors in

its economy policy, he said,

should not hurt the Govern-

ment's credibility but instead

"enhance its prestige."



General Augusto Pinochet: maintaining confidence.

companies. According to Cen-

tral Bank figures, U.S.\$308m (£172m) in external credits had

come into Chile during the first

three months of 1982. The figure

for the same period last year

was \$308m.

Despite heavy pressure on the

present exchange rate of 39

pesos to the U.S. dollar, which

was set three years ago, Chilean

officials have repeatedly insisted

no devaluation would be con-

sidered. Critics of the régime's

economic policy have main-

tained that the fixed exchange

rate, along with Chile's low im-

port duties, have placed

## Clark demands poll over failure of Alsands scheme

BY VICTOR MACKIE IN OTTAWA

MR JOE CLARK, leader of the official opposition in the Canadian Commons, has challenged the Liberal Government to call an election on energy policy.

In a fighting speech leading off an emergency debate in the Commons on Tuesday night, Mr Clark described the cancellation of the Alsands project and a two-year delay in the Alaska Highway natural gas pipeline as "an unprecedented economic crisis."

Liberal Government policies have led to a "step by step disintegration" of the oil industry that has cost more than 200,000 jobs, said Mr Clark, who leads the Progressive Conservative Party.

Mr Allan MacEachen, the Minister of Finance and acting

## Nicaraguan accord signed in Moscow

RUSSIA yesterday promised to help Nicaragua prospect for mineral resources and to develop its mining industry under a bilateral agreement, Reuter reports from Moscow.

The accord, announced on the second day of a visit to the Russian capital by the Nicaraguan leader, Sr Daniel Ortega, also covered Soviet help with the development of farming, health protection, engineering and communications.

However Mr Lalonde, who is attending the Offshore Technology Conference in Houston, told a press conference that he expects Canada to be self-sufficient in energy by 1990 in spite of the cancellation of the Alsands project.

Mr Clark argued that the national energy programme was hurting Canada's drive for energy self-sufficiency and was "extending the grip of Opec on this country." He urged the Liberals to sack Mr Lalonde and Mr MacEachen.

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## \$50m Colombian aid to fight poverty and coups

Central American and Caribbean economies.

Colombia's \$50m will help finance technical programmes, worker-training and co-operative development.

The Colombian Government also plans to tell the Latin American and Caribbean countries that each will get a \$10m line of credit to finance Colombian imports.

The U.S., which is contributing to the aid plan, promised duty free status for most products imported from nations which are in basic agreement with U.S. policies in the area. Textiles and sugar are not included.

The U.S., Canada, Mexico and Venezuela are sending observers to the meeting. These nations have pledged \$2.3bn to help stabilise Central American and Caribbean economies.

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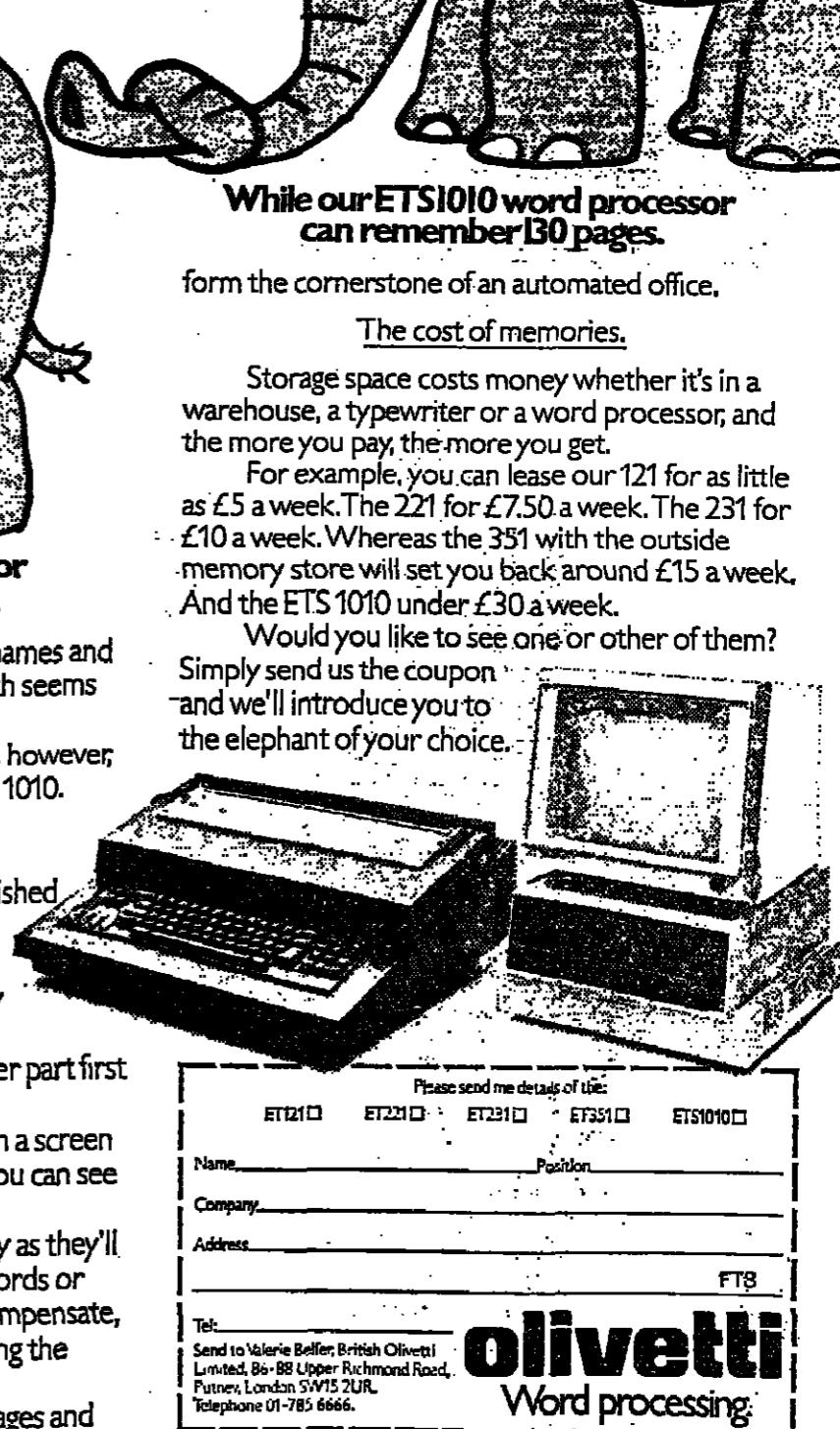
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# THE FALKLANDS CRISIS

## 'No defence' against Exocet missile

THE FRENCH manufacturer of the missile used against the British destroyer HMS Sheffield said yesterday that current anti-missile systems were unable to provide a reliable counter to this kind of weapon. David White writes from Paris.

The Exocet AM39 missile (left), produced by the state-owned company Aerospatiale, is an airborne derivative of the successful Exocet sea-to-sea missile, the MM 38 (used by the Royal Navy, among others) and the more recent, longer-range MM40. There is also a submarine-borne version, the SM39.

Until the new U.S. Phalanx system becomes fully opera-

tional, a company spokesman said, "there is apparently no effective defence system against it." He said that was due to the missile's speed, its short flight time (about two minutes) and its automatic "fire and forget" targeting system.

The Exocet, a supersonic "sea-skimmer" with a range of 40 miles, has been sold in its different versions to some 25 countries. The French Navy, like the Argentines, uses the AM39 on Super-Etendard aircraft.

Buenos Aires ordered 14 of these aircraft, made by Dassault-Breguet for aircraft carrier service in 1978. Deliveries were still in progress.

A MEMORIAL service for those killed in the attack on HMS Sheffield will be held in Sheffield Cathedral on Sunday, May 9. It was announced yesterday.

could be fitted on small vessels, could be held at low altitude, needed no maintenance and enabled a ship to be "neutralised" by a single missile, or a salvo of two or three.

Under a Franco-British co-production agreement, UK companies also make the Exocet, accounting for 17 per cent of total output.

Aerospatiale and the French electronics group Thomson-CSF are working on a sea-air anti-missile system to defend against future generations of supersonic missiles, as part of another Franco-British programme known as AMSA.

### Talks delay concern at P & O

By Andrew Fisher,  
Shipping Correspondent

THE GOVERNMENT received complaints yesterday from P&O (Peninsular and Oriental Steam Navigation) that talks on compensation for its four ships requisitioned during the Falklands crisis were taking too long.

The group is trying to speed them up, having provided the Department of Trade with a draft compensation agreement on April 8. "The talks are taking very much longer than we would have liked," said Mr Richard Adams, the chief executive.

He said that Lord Inglewood, P&O's chairman, had written to Lord Cockfield, the new Secretary of State for Trade, asking for an early meeting.

So far, the group has received between £1m and £2m to cover requisition hire costs and the fuel and stores on board the Canberra, Uganda, Norland and Elk.

The Canberra, P&O's cruise flagship, costs more than £100,000 a day to run—or some £3m a month. The older Uganda cruise vessel works out at around £60,000 a day.

Including the two ferries, the running costs of the vessels are £236,000 daily or more than £7m a month. P&O has been told verbally by the Department of Trade that it will be properly compensated.

P&O has already expressed concern that it will lose market share in the UK cruise market to Soviet-owned and other operators while it does not have the use of the Canberra and Uganda.

Since it presented the department with its draft, Mr Adams said: "There has been no reaction, even to the principles involved. It has been a ridiculous time."

The Department of Trade said the question of compensation was a complex area. "We are doing what we can," said a spokesman. Other companies also want the Government to speed up its talks.

Shipping experts said calculating "consequential losses" (the effect of requisitioning on future business) was almost a first time affair for the government.

### Nott to seek U.S. aid for task force

By John Wyles in Brussels

MR JOHN NOTT, the British Defence Secretary, is expected to ask for U.S. material support for the South Atlantic task force at a meeting with his American counterpart, Mr Caspar Weinberger, in Brussels today.

While excluding U.S. military backing, President Reagan undertook last week to respond positively to material support, and Mr Weinberger appeared yesterday to be expecting Mr Nott to set out British aims.

"I am seeing John Nott tomorrow, and we will get some idea then of what the requirements are," said Mr Weinberger.

Both men are attending the spring meeting of Nato defence ministers which begins in Brussels today. Mr Weinberger had a range of bilateral contacts yesterday, after which he claimed that he sensed no diminution of support for the UK over the Falklands crisis.

After meeting his Canadian, Belgian and Dutch colleagues, Mr Weinberger said he found regret at the loss of the Sheffield and "a regret that we have not yet worked out a formula for an end to hostilities."

Speculation as to the kind of material support the British may be seeking from Washington has ranged from spare parts for Harrier aircraft to the provision of C-130 transport planes.

The Nato meeting, scheduled to last a day and a half, is not expected to devote much time to the Falklands, though the British may be keen to find some expression of support in the final communiqué.

Whilst in Brussels for the Nato meeting Mr Weinberger will also be urging his colleagues to insert a "defence content" into the Nato heads of government summit which is due to be held in Bonn in June.



**BANQUE INDOSEUZ**

Bank Indosuez and Postipankki (Imperial Commercial Finnish Bank) have just concluded successful talks and have agreed to submit to the approval of the French and Finnish Authorities concerned, to enter into a cooperation agreement concerning Finnish and International activities. As part of this cooperation agreement Postipankki will take a 15% participation in the equity of Indosuez Osake Pankki. Both groups look forward with confidence to a mutually profitable cooperation.

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### Fury in Argentina at U.S. 'treachery'

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S anger at what it regards as U.S. "treachery" in the Falklands crisis emerged publicly yesterday, bringing relations between the two countries to their lowest level since President Leopoldo Galtieri took office in December.

The Argentine Foreign Ministry rejected the text of a letter sent to Mr Alexander Haig, the U.S. Secretary of State, on May 2, the day after Britain took office.

The letter strongly criticises the U.S. decision to side with Britain in the dispute and to impose sanctions against

Argentina people. "We will never forget that in one of the most critical hours of their history... the U.S. sided with a power that is alien to our continent and co-operated

with its aggression," the text says.

In response to the growing tension, the U.S. has authorised all non-essential personnel at its embassy in Buenos Aires, and their dependents, to leave Argentina promptly. An embassy spokesman said that there was no plan at this stage for a general evacuation order for all U.S. citizens living in Argentina, but the decision to withdraw part of the 75-strong staff had been taken "in view of the tragic conflict in the South Atlantic and the unsettled conditions created by it."

Privately, U.S. officials in Buenos Aires have indicated their concern that growing anti-U.S. as well as anti-British feeling might spill over soon into a general peace initiative.

The Foreign Ministry says in

its letter that the U.S. decision to side with Britain was threatening a serious rift between Washington and the rest of Latin America, since it went against the support for Argentina's sovereignty claim approved by the Organisation of American States.

The letter denies that Argentina had been "outraged" and says that Buenos Aires had asked only for clarification. It blames British intransigence for the collapse of the negotiations, and of attempted mediation.

The Foreign Ministry's letter reflected a widespread view in Buenos Aires that the U.S. mediation was really a sham, aimed at confusing and dividing Argentine public opinion and gaining time for the British

task force to consolidate its position.

A number of Argentine newspapers yesterday, including the mass circulation Clarin, were openly speculating that U.S.-Argentine relations had now reached such a low point that the U.S. ambassador to Buenos Aires, would be withdrawn soon.

Anti-U.S. feelings in the Argentine capital is now running so high there seems to be little likelihood of Argentina accepting a revival of Mr Haig's personal peace initiative at a later stage. The Argentine diplomatic initiative now appears to be firmly focused on the United Nations and on any mediation which other Latin American countries, such as Peru, might be able to offer.

In a letter to Mr Arthur Dunkel, the director-general of Gatt, Argentina estimates at \$2bn (£1bn) the losses arising directly from the ban. It says the ban violates at least eight Gatt articles and constitutes refusal to fulfil "the fundamental obligations" stemming from Gatt membership.

But the letter's tone is not entirely belligerent. It also asks Mr Dunkel to use his good offices with the EEC before a meeting tomorrow of Gatt's council, which interprets Gatt rules.

The Argentine delegation is reported to have drafted a lengthy condemnation of the EEC, Australia and Canada to rouse Third World opinion in the council against the import ban.

Although rarely used, certain Gatt provisions allow a member country to retaliate against trade bans imposed by others in violation of Gatt rules.

Argentina says the import ban denies it most favoured nation treatment—a cornerstone of Gatt—and infringes other political rhetoric.

### Remedial action threatened over import ban

BY BRIJ KHINDARIA IN GENEVA

ARGENTINA HAS threatened to take "formal remedial action" within the General Agreement on Tariffs and Trade (Gatt) against the EEC, Canada and Australia, if they do not lift the import ban announced following the Falkland Islands invasion.

The EEC points out that the Falklands are an "overseas territory" under its founding Rome Treaties, which allows collective trade sanctions to protect national security interests.

The import ban is based on Article 21 of Gatt, which allows any country to deny benefits of Gatt membership to another country because of "international crises" even if it is not itself at war.

Several Third World countries see the EEC's unilateral sanctions, imposed without a call by the United Nations, as an unwelcome precedent.

It is alarming that the EEC has been turned into a group which uses trade sanctions to achieve political and diplomatic aims, or to support a war effort by one of its members," one Third World diplomat said.

Meanwhile, the EEC is trying to play down Gatt's relevance to the import ban and is expected to keep a low profile on Friday to prevent the discussion from sinking into political rhetoric.

### Conflict frightens off Atlantic oil companies

BY ANDREW WHITLEY IN BUENOS AIRES

ALL OIL exploration and drilling work in Argentina's potentially rich offshore regions has been halted because of the conflict with Britain.

Argentina is virtually self-sufficient in oil thanks to discoveries on land, but has yet to start producing oil in the rough waters of the south Atlantic. Three strikes of oil and gas in commercial quantities have been made so far.

Competition for the oil deposits which are believed to exist around the Falklands and in the disputed Beagle Channel region shared with Chile nearly led Argentina to war with Chile in 1978. It is likely also to have been in the back of Gen Leopoldo Galtieri's mind when he launched the invasion of the Falklands last month.

Over the past few weeks, foreign oil companies working offshore—Shell, Exxon and a Total led consortium—have pulled up stakes and withdrawn. Since then the situation has changed. This week the second rank of Shell expatriots in Argentina was withdrawn, following their superiors abroad.

Venezuela and Guyana, and Chile and Argentina).

If this account of U.S. policy is accurate, then both the U.S. and the British Governments obviously failed badly in their public relations by allowing their domestic media and politicians to gain the impression that U.S. support for Britain was highly uncertain. The worst effect of this was to provoke invidious comparisons between the relative importance of Britain and Argentina as allies and indeed between Nato and the Rio Treaty.

Scratching the surface of many Americans' attitudes, one can find strong support for U.S. isolationism. With a little provocation people were quoting the Monroe Doctrine as if it was a universally accepted ordinance of international law.

For the far right, the weeks of uncertainty about the Reagan Administration's final decision were an invitation to compare Europe's lassitude on Poland with Latin America's support for U.S. policy in El Salvador.

All the talk did not amount to very much, but the Falklands episode will undoubtedly leave a bitter taste for both sides of the Nato alliance. If, however, U.S. public opinion backs away from Britain in the weeks ahead, nobody should attribute this to its love of South American dictatorship. It is just that the Americans are loth to see their friends dying in out-of-the-way places, for what, to them, are shadowy causes.

### Americans aghast as farce turns to tragedy

BY ANATOLE KALETSKY IN WASHINGTON

"IT'S NO LONGER a jolly little war" reflected the New York Times yesterday. Like a stunned circus audience watching an acrobat falling, perhaps to his death, from a tightrope, people in the United States seem both aghast and somehow obscurely conscience-stricken by the death of Argentine and British soldiers and sailors this week in the Falklands.

In Argentina and Britain the sudden escalation of fighting this week may have produced a new rush of patriotic fervour or righteous indignation but, in the U.S., instead of adrenalin there has been only shock and a touch of revulsion. Shock, because the U.S. television viewer saw the Falklands, until this Monday, as a gripping, but ultimately absurd and frivolous sideshow. Mr Haig, the U.S. Secretary of State, and Mr Pym, the British Foreign Secretary, and an endless stream of commentators and experts warned that there would be bloodshed but, even for an average guest at a political dinner party, these warnings had little impact.

Argentina and Britain were walking a tightrope, but tightrope walkers in this day and age do not fall off. If they do, people assume there is a safety net to catch them.

That, perhaps, is why there is now a sense of guilt in any conversation about the Falklands. In addition, many people in the U.S. still tend to believe that their own government is inevitably somehow involved in

any conflict, wherever it happens around the world. The critics who urged Mr Haig to cease his shuttle diplomacy several weeks ago, did so in part because they feared that he would only burden the conscience of the U.S. unaccustomed with another bloody struggle.

More important for Britain is the degree of revision mixed with this guilt. For, however much they may instinctively

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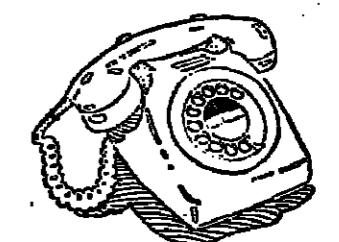
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## OVERSEAS NEWS

Michael Thompson-Noel reports on cuts in Australia's aluminium sector  
**Hard times for the 'Cash-a-Can' kids**

AUSTRALIAN stock markets have for months felt the effects of the recession that has gripped the mining sector, and brought the country's much-touted resource boom temporarily to a halt.

Yet it was only recently that the mining recession came truly home to roost, when Alcoa of Australia announced it was cutting the rate pay back for used aluminium drink cans.

Alcoa, the country's largest aluminium concern, operates 307 Cash-a-Can centres across Australia. Last year, it paid A\$3m (£1.75m) for 232m used cans, which were then recycled. Times are hard, though, and Alcoa has cut the used-can rate by 22 per cent to the consternation of the children who collect the cans at sports grounds and rely on them for pocket-money.

It is the gloom in the country's bauxite, alumina, and aluminium businesses that probably best typifies the prickling of the resource bubble. As recently as 1980, the Department of Trade and Resources in Canberra was predicting that by 1985, Australia "would become the world's largest exporter" of primary aluminium, exporting 1m tonnes a year, worth more than A\$1.5bn at then-current prices.

The forecasts are slipping, however. The slump in world aluminium markets, together with rising domestic costs in labour and construction, has

meant the abandonment or deferral of numerous major projects, and a severe re-appraisal of Australia's ability to claim her place as a major aluminium supplier — even though she is the world's leading producer of bauxite and alumina.

In recent developments:

• Alcoa said it was about to put its newest alumina refinery, at Wagerup, just south of Perth, in mothballs, until at least next year, having spent A\$120m on the first stage. There are also reported to be problems with its new Portland aluminium plant in Victoria. It is reckoned it will cost about A\$1m a month just to maintain Wagerup. Alcoa's net profit in the March quarter showed a modest 7 per cent fall to A\$22m, but it will probably not escape so lightly in the rest of the year.

• Partners in the ASIL-Borsig-Worsley alumina refinery in Western Australia, are reported to be anxiously seeking contracts for the 1m tonnes it is initially designed to produce. The partners are Reynolds of the U.S., Shell Australia, Broken Hill Proprietary (BHP), and Kobe Alumina Associates of Japan.

• Alcan of Australia, which has already cancelled a proposed 298,000 tonnes-a-year aluminium smelter at Goodwood, in Queensland, has postponed construction of a third, postpone worth A\$149m at the Kurri-Kurri smelter, near

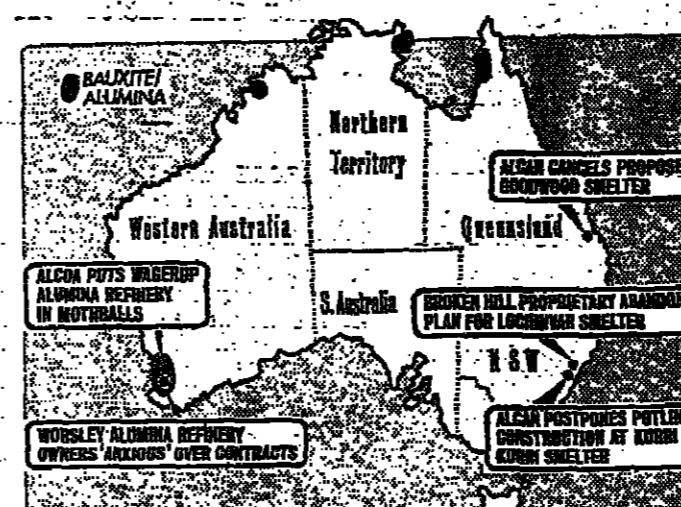
Gessnock, New South Wales, which would have boosted capacity from 90,000 to 135,000 tonnes.

• Broken Hill Proprietary, Australia's biggest company, has abandoned plans to build a A\$600m aluminium smelter at Lochinvar in the Hunter Valley, New South Wales. The original consortium consisted of Alumax (45 per cent), BHP (35 per cent), and a group of Japanese companies, including Mitsui with 20 per cent.

• Comalco, Australia's second biggest integrated aluminium producer which began producing aluminium metal at a new A\$600m smelter at Boyne Island, Queensland, only in March, reported a slump in earnings for 1981, from A\$75.1m to A\$23.4m. It warned that international companies were reassessing Australia's investment attractiveness because of "discouraging pressures" which could not solely be attributed to downturns in the business cycle.

As a partial antidote to this run of bad news, CRA, which owns 45 per cent of Comalco, said last month it was paying A\$100m for a 50 per cent stake in Showa Aluminium Industries, the aluminium smelting, fabricating and marketing arm of the Showa Denko Group of Japan.

The move reverses the trend towards Japanese investment in Australian resource companies, signals the start of Australian



been such that Canberra said this week its current projection for 1985 was 975,000 tonnes, and even that may be optimistic.

Indeed, a Sydney research company, Australian Mineral Economics, said last week that it expects Australia to be accounting for only 6.5 per cent of world aluminium capacity by 1985, compared with an earlier forecast, less than 12 months ago, of 9.3 per cent.

The cost of the finished product is the key, which is why Alcoa cautioned recently that half the world's aluminium capacity relies on hydro-electric power, the cheapest form of electric power, and that major new capacity coming on stream would use either hydro (Brazil, for example), or cheap Middle Eastern gas.

To compete, Australia must strive to use its vast reserves of coal cheaply, although Alcoa calculated recently that its

Pori Henry smelter in Victoria was being charged 2.3 cents per kilowatt-hour for electricity, compared with an international average of 1.9 cents per kWh (excluding Japan), or 1.6 cents per kWh (including Japan). But there are other cost pressures, including freight (to say nothing of maritime strikes and demurrage charges), wages, construction, and government tax.

Mr John Ralph, the Comalco chairman, warned recently of "a real danger of collision between expectations and reality", and said Australian trends in labour costs, government charges, and inflation, gave grounds for serious worry about the country's future competitiveness.

If nowhere else, his remarks may have found a receptive audience among the Cash-a-Can kids scurrying to collect empty drink cans at the local game of foosie.

## China budgets for record grain harvest

BY TONY WALKER IN PEKING

CHINA IS budgeting for a record grain harvest this year despite a severe drought in several of its northern wheat-growing provinces.

Projected grain output for 1982 is 338m tons, compared with 332m tons in 1979, a record year. As China's forward grain production estimates have been conservative in recent years, it is possible output could be higher.

China's grain production last year totalled 325m tons, according to figures released last week by the State Statistical Bureau.

The projected grain output was included in the 1983 plan outlined in a meeting of the standing committee of the National People's Congress by Yao Yihua, China's state planning chief.

According to Yao, China's growth rate this year will be about 4 per cent, much the same as last year.

Western agricultural experts in Peking are surprised China should be budgeting for a record harvest this year, given the drought. One official described the estimate as "pretty optimistic".

Provinces affected by the drought include Hebei which encloses Peking, Shandong to the east of the capital, Henan to the south and Shanxi to the west. The worst-hit area is south of Peking near Shijiazhuang.

Yao warned that China's economy still faced dangers from inflation and he urged that strict control be kept on prices and the operation of the market.

## Shipbuilding drive

BY OUR PEKING CORRESPONDENT

A SIGN of China's determination to step up its shipbuilding activities was the establishment this week of a new corporation to oversee the country's shipyards. The China Shipbuilding Corporation will take over the responsibilities of the old Sixth Ministry of Machine Building and also the functions of the Ministry of Communications as they relate to ship construction.

This is not the case. For example, the Third Ministry of Machine Building, previously responsible for aviation, becomes the Ministry of Aviation industry.

The Seventh Ministry of Machine Building becomes the Ministry of Space Industry. The Second Ministry becomes the Ministry of Nuclear Industry. Accompanying the name changes will be administrative shake-ups.

## Israeli opposition joins attack on army shootings

BY DAVID LENNON IN TEL AVIV

MODERATE Palestinian mayors and members of Israel's opposition Labour Party yesterday launched a fierce attack on the way the Israeli army has handled the recent disturbances in the occupied West Bank and Gaza Strip, during which some 15 Palestinian youths have been shot dead by Israeli soldiers.

But General Rafael Eitan, Israeli Chief of Staff, denied yesterday that there had been any change of policy towards demonstrators in the occupied territories. Every shooting by soldiers had been fully investigated and in no case had army regulations been infringed, he told the Knesset foreign affairs defence committee.

On the West Bank, four Palestinian students died yesterday

of the young demonstrators. Gen Haim Bar-Lev, a former Chief of Staff, said that there had been a drastic deterioration of the situation on the West Bank and in the Gaza Strip since the establishment of the Israeli civil administration at the end of last year.

### Bombing at Lebanese mosque

By Nora Boustany in Beirut

ANOTHER attack against a mosque in Aramoun, southeast of Beirut, has injured four people and heightened fears of an outbreak of sectarian strife unprecedented since the civil war of 1975-76.

A car bomb blew up in front of the Azhari Mosque, close to the home of the spiritual head of Lebanon's Sunni Moslem community, Sheikh Hassan Khaled.

With around three quarters of the potential 82m votes already counted, it appears that the Government's Golkar (functional groups) Party may even improve on the 63 per cent share of the total vote it won during the last general election in 1977.

According to preliminary results issued by Indonesia's general election committee yesterday Golkar has so far won 64 per cent of the votes counted, with the PPP taking 28.1 per cent.

## Suharto set for landslide

By Richard Cowper in Jakarta

PRESIDENT SUHARTO'S army-backed "new order" regime in Indonesia seems set to win its third landslide election victory in a row following charges of unfair play by the country's leading opposition group, the Moslem-backed United Development Party (PPP).

With around three quarters of the potential 82m votes already counted, it appears that the Government's Golkar (functional groups) Party may even improve on the 63 per cent share of the total vote it won during the last general election in 1977.

The lay-offs are a result of weakening motor vehicle sales, and Volkswagen — like several other motor manufacturers — is cutting back production.

According to a Volkswagen spokesman, the workers have agreed to return today. The company refused to negotiate until the strike was called off, reflecting the increasingly tough

## Strike closes Volkswagen plant in South Africa

BY BERNARD SIMON IN JOHANNESBURG

A RASH of strikes by black workers has brought almost a dozen plants in South Africa to a standstill. By yesterday, about 9,000 workers were on strike.

The most serious stoppage has been at the assembly plant of Volkswagen's local subsidiary near Port Elizabeth, where 5,600 workers have downed tools in protest against the retrenchment of 316 colleagues last month.

Workers in the engineering industry are demanding immediate wage increases. The industry's largest black trade union has refused to take part in the current round of wage negotiations being conducted with employers through the sector's industrial council. The union insists that collective bargaining should take place at factory, rather than industry, level.

## Three of 690,000 WELT readers.



Professor Dr. Rolf Rodenstock, Proprietor and Chief Executive of G. Rodenstock Optical Works, President of the Federation of German Industries.

DIE WELT is one of the newspapers I read every day in order to be as widely and comprehensively informed as possible about the problems of the day and especially about economic events.

As a major international enterprise we must inform ourselves daily about news and opinions. For us DIE WELT is one of the information sources we could not do without.

I read DIE WELT particularly because of its well laid out and highly informative economic pages. I greatly value the topical, factual and thoroughly researched information it provides on the most important economic events.

Source: MA '81

## Decision makers' daily in Germany.

DIE WELT is a newspaper of the Axel Springer Publishing Group. For further information contact: DIE WELT and WELT am SONNTAG Advertising Departments: Tel.: Hamburg-34.71, U.K. Kristian Wentzel, Tel.: 01-499.29.94.

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C.

DM 200,000,000  
8½% Deutsche Mark Bonds of 1992, Due 1992

Interest: 8½% p.a., payable annually on May 1  
Offering Price: 100%  
Repayment: May 1, 1992 at par  
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Deutsche Bank  
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Aktiengesellschaft

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Aktiengesellschaft

Tribunals- und Bauhandlung

Westdeutsche Landesbank  
Aktiengesellschaft

Württembergische Kommandit Landeskredit  
Girozentrale

Württembergische Kommandit

JULY 1982

## UK to tighten Nigerian export credits

BY MICHAEL HOLMAN AND QUENTIN PEEL

**EXPORT CREDIT** guaranteed for trade with Nigeria will only be awarded for normal credit terms of up to 180 days, except for major contracts involving capital goods. British exporters were warned yesterday.

Studies on the granting of export insurance with Nigeria will be, if anything, more strictly enforced in the wake of the Nigerian government's clampdown on imports announced last month. Mr Joe Wilmet of the Export Credits Guarantee Department (ECGD) told a London conference yesterday.

"Pre-shipment inspection is here to stay," Mr Rivett warned the seminar, pointing out that the policy is estimated to have saved Nigeria Naira 557m in three years.

ABV, Sweden's second largest construction concern, expects to reach a turnover this year of around SKr 7bn, of which roughly a quarter will be generated outside Sweden.

Details of how the Nigerian moves will affect exporters were spelled out at a conference of the London Chamber of Commerce and Industry by officials from the Department of Trade, the ECGD, and Nigerian trade specialists from Standard Chartered Bank and the Société Générale de Surveillance, the company responsible for pre-shipment inspection of virtually all Nigerian imports.

Mr John Rivett, of the business development division of Standard Chartered Bank, warned that the new regulations, including higher import duties, stricter licensing of imports, extension of the pre-shipment inspection scheme, and a slowdown on all new capital projects would last at least until the next budget in October, if not for a full 12 months.

Nigeria's trade balance has been drastically affected by a

## Swedish group wins £24m South Yemen deal

By William Dufford, Nordic Editor, in Stockholm

**ABV**, THE Swedish construction group, and Compagnie François d'Enterprises (CFE) of Belgium, have won a Skr 250m (£24m) contract to build a harbour at Al Mukalla in South Yemen. The order was placed by the South Yemen Port Authority.

The fall in oil earnings has seen a consequent drastic fall in foreign exchange reserves. These have fallen from Naira 5.6bn (£4.6bn) in October 1980 to Naira 3.3bn by the end of last year, said Mr Rivett. This year, said Mr Rivett, had dropped to Naira 1.3bn and are now thought to be about Naira 700m—only two weeks' import cover.

"Pre-shipment inspection is here to stay," Mr Rivett warned the seminar, pointing out that the policy is estimated to have saved Nigeria Naira 557m in three years.

ABV, Sweden's second largest construction concern, expects to reach a turnover this year of around Skr 7bn, of which roughly a quarter will be generated outside Sweden.

While ABV has been active abroad for only 10 years, CFE has been handling foreign contracts since the 1940s. CFE has an annual turnover of around £400m.

Under the new measures the Government has introduced what is effectively a priority import list with the level of deposits required from importers ranging from 50 per cent for food (except rice, which is exempted) to 250 per cent on passenger cars.

The deposits—which are non-interest bearing—are payable when Form M (the essential document for foreign exchange remittances) is submitted to the commercial bank.

"Unless the importer complies with this requirement," warned Mr Rivett, "no foreign exchange will be released." Banks will issue a credit advice quoting the relevant Form M and it was "essential," he told the seminar, to obtain a copy of Form M at an early stage.

## CHARLES DE GAULLE AIRPORT

### Terminal two—a radical departure

BY MICHAEL DONNIN, AEROSPACE CORRESPONDENT

**BUSINESS** AND other travellers between London and Paris by Air France are now using a new facility—Terminal Two at Charles de Gaulle Airport (called CDG-2) at Roissy, which has just become fully operational.

Built at a cost of more than \$100m, it represents a radical departure from the original circular-shaped Terminal One at Charles de Gaulle (CDG-1) by reverting to the "linear" concept (that is, with the buildings along a line on either side of a main access road).

The Paris Airports Authority, which designed and built both terminals at Charles de Gaulle Airport, found that the circular shape of CDG-1 proved too cramped for both airlines and passengers.

Air France, which together with Air Inter, the French internal airline, are the sole users of CDG-2, preferred to return to the linear concept, because of the easier handling it provided, for both passengers and baggage.

The new CDG-2 terminal was first opened late last year, and throughout the winter both Air France and Air Inter have progressively moved into it.

It is now the main base for Air France's short-haul European flights, and for most of its long-haul operations, although some long-haul services, such as those to the Caribbean, still use Orly Airport, on the other side of Paris.

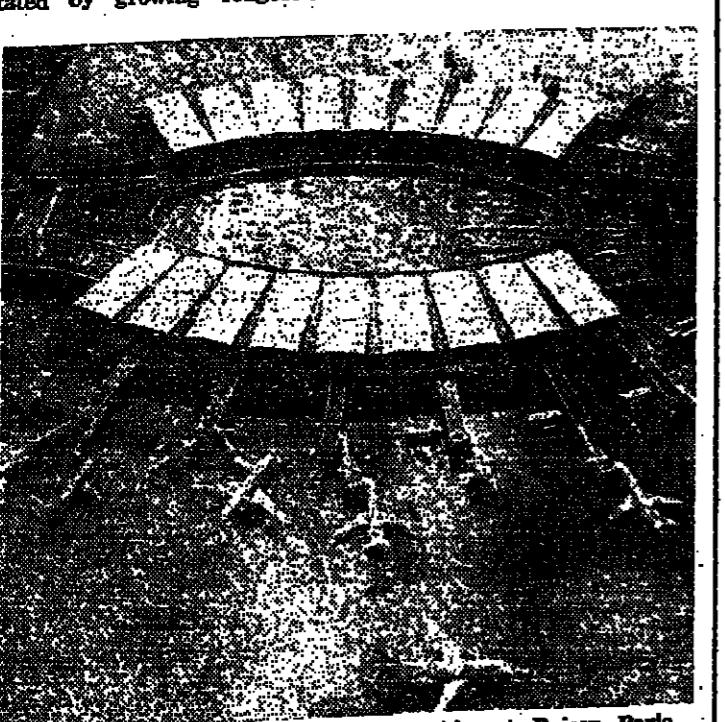
Orly Airport is being retained for many French domestic flights, for the Caribbean, and some other long-haul operations, and many European short-haul flights by international airlines.

The move by Air France from CDG-1 to CDG-2 has been dictated by growing congestion.

In Charles de Gaulle, whereas both British Airways and Air France formerly used the same gate system in CDG-1, now only British Airways (and British Caledonian) use CDG-1 whilst Air France has moved its London flights to CDG-2.

British Airways was offered the chance of also using the new CDG-2, but declined because it could not get its own handling operation there.

This split in the Channel Air Bridge at the Paris end may prove inconvenient for some transit passengers, but there is a shuttle bus service between CDG-1 and CDG-2.



Terminal Two at Charles de Gaulle Airport, Roissy, Paris.

## The emphasis in the carrier market is on demolition, not buying, Andrew Fisher writes ‘Tankers for scrap’ sales rise sharply

"IT BROKE my heart to sell such ships for scrap," said a rueful Mr Ronald Ilian, head of BP Shipping, of the three big tankers sold by the UK oil group for demolition last year. Apart from the need to dispose of them et al., he was particularly sad that the VLCCs (very large crude carriers) were equipped with the latest safety and anti-pollution equipment.

But the emphasis in the world's tanker markets has for some time been on scrapping rather than buying VLCCs or ULCCs (ultra large). In the first few months of 1982, the pace of sales for demolition has risen sharply. But shipping experts still feel there is a long way to go before the vast tanker fleet surplus comes down by anything like enough.

While the activities of the tanker sector has suffered from the changing pattern of world oil trading. With more crude oil coming from sources like Alaska, Mexico, and the North Sea, there is less need for supertankers to sail to and from the Gulf.

The size of the world tanker fleet is about 360m dwt, including combined carriers which can also be used for dry cargoes. Oil and shipping experts generally reckon that only 250m dwt or so of oil carrying capacity will be needed up to and beyond 1985, thus leaving a huge surplus.

If the IMIF had its way, more would be done to promote scrapping around the world. But

cent weeks, thus appearing to bear out Mr Ilian's remark that 1982 will be a watershed year."

Mr Ilian's pessimism was expressed at a recent London meeting of the International Maritime Industries Forum (IMIF), a grouping of shipowners, shipbuilders, bankers and oil companies. He reckoned that equilibrium for the tanker fleet was as far away as ever.

Many operators, including oil companies, will have to make up their minds whether they want to stay in the shipping business. It could well be as late as 1987 before supply and demand at the larger end of the market start returning to balance?

**WORLDWIDE SHIP DEMOLITION**

|                               | 1977 | 1978 | 1979 | 1980 | 1981 |
|-------------------------------|------|------|------|------|------|
| Dry cargo/<br>passenger ships | 12   | 52   | 42   | 23   | 15   |
| Tankers                       | 92   | 148  | 55   | 8    | 125  |
| Total                         | 11   | 20   | 103  | 10.5 | 15   |

Source: R. S. Platou, Oslo

you can demolish one," said Mr Champness, who would like more shipyards to turn in part to scrapping rather than building. As for end-use, the IMIF has been trying to interest European construction companies in using recycled steel from ships, but with no real success to date.

Earlier this year, a minor scrapping landmark was reached when Pakistan took its first VLCC for breaking up on Gaderi Beach. The French-owned Brumaire was sold for under \$4m. Built in 1971, the 230,000 dwt vessel was in "superb condition," said Mr Peter Greenhow of Harley Mulkin, the UK shipbroker which fixed up the sale. "It was a casualty of the shipping market."

He was on the ship in

February

to

the beach, which already had 90 vessels of various sizes and stages of break-up. The Brumaire will probably yield 34,000 tons of steel and be demolished by July. If the price is right, he hopes to sell Pakistan another VLCC. But the world steel depression has not helped scrap prices.

In these tough shipping times, the grim business of sending ships to the graveyard is as welcome for brokers as any other. Mr Greenhow reckoned that between a third and a half of his company's turnover came from ship sales for demolition.

# "...with copies to the Chief Executive, Company Secretary, and..."

### MEMORANDUM

Draft: For Presentation at London Board Meeting, July 1982

From: General Manager, North American Operations

Re: Our U.S. Activities

When we last met, we discussed the need to improve the firm's image in America. It now seems advisable to summarize our discussion and make a formal recommendation.

American corporations will spend an estimated \$1 billion on corporate advertising in 1982. While such advertising may appear self-indulgent to some, Americans understand its purpose: to establish identity and build awareness.

Aside from those objectives, we should consider corporate advertising as a means of supporting our plan for acquisitions, and attracting potential joint venture partners and employees.

If corporate advertising can help achieve these goals (and the experience of American corporations suggests it can), then funds so devoted will be well invested. Such a strategy should be considered a long-term investment, not unlike an investment in capital goods.

The cost need not be exorbitant. A campaign to run exclusively in The Wall Street Journal, the medium preferred by American business, will suffice. I stress the importance of maintaining a corporate presence in this publication. It is an institution in America, read by nearly every executive one encounters throughout the U.S.

As Manager of North American Operations, I request approval of the attached budget for an initial program. With Board approval, I shall authorize our advertising people to begin preparation of proposals.

encl.

The Wall Street Journal. As basic to America as business itself.

International Press Centre, 76 Shoe Lane, London EC4, England • 4 rue de Castiglione, Paris 75001, France • Savignystrasse 29, 6 Frankfurt/Main 1, West Germany

## UK NEWS

**Jenkin firm on private role in electronics**

By Guy de Jonquieres

**THE DEVELOPMENT** of Britain's electronics industry must be guided by the commercial judgment of the private sector, not by government. Mr Patrick Jenkin, the Industry Secretary, said last night.

While the Government was prepared to support and work closely with the industry in key areas, he said: "It is the industry that must be prepared to concentrate its energies where the prospects are brightest."

"If companies do not have the prime responsibility for their own research and development and their own market strategy, surely we will simply perpetuate that cosy over-dependence of the industry on Government patronage which many see as one of the sources of our problems."

Mr Jenkin's remarks were clearly directed both at electronics companies and at the National Economic Development Office, whose electronics committee called on government earlier this week to join with manufacturers and trades unions to chart a selective strategy for the industry's development.

More should be done to improve Britain's performance in the world electronics market, Mr Jenkin conceded. But he made it clear at a dinner of the Electronics Engineering Association that he was unhappy with several conclusions of the committee's report.

He rejected the accusation that the Government was responsible for the electronics industry's failure to exploit fully the commercial applications of technology generated by defence contracts. Although Government contract procedures should be improved, he suggested that much of the blame lay with industry.

"Is it possible that the relative security of cash flow from defence contracts tends to be seen as a cushion rather than as a springboard for risky international business outside the defence field?" he asked.

Individual companies might choose to concentrate on selected activities, leaving other markets to their competitors. But while NEDO recommended that such decisions should be taken as part of a broad national strategy, Mr Jenkin said they should be up to the companies

**Inquiry announced into BR's financial future**

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

**AN INQUIRY** into the financial future of Britain's railways was announced yesterday by Mr David Howell, Transport Secretary.

The inquiry's chairman, Sir David Serpell, a former senior civil servant, is being asked to report back to Mr Howell in five to six months, which indicates that the Government views the matter with some urgency.

The inquiry's terms of reference are "to examine the finances of the railway and associated operations, in the light of all relevant considerations and to report on options for alternative policies and their related objectives, designed to secure improved financial results in an efficiently-run railway in Great Britain over the next 20 years."

Mr Howell, in a written answer in the Commons yesterday, said he expected the conclusions of the committee "will illuminate the options which are open and so provide a firm foundation on which my colleagues and I can establish clear objectives and make justifiable financial provision for the future of the railways."

Sir Peter Parker, BR chairman, has been pressing the Government for a review for the past year in the hope that the results would demonstrate the need for a new financial framework. Sir Peter called yesterday's announcement "a decisive step towards a new Railways Act."

Sir David resigned as part-time member of the British Railways Board to take up the inquiry chairmanship. Sir David, who retired from the Civil Service in 1972, was Permanent Secretary of the Ministry of Transport from 1968-70, and of the Department

of the Environment from 1970 to 1972.

The other members of the inquiry committee are Mr P. Butler, whose report on BR's short-term financial position was commissioned by the Transport Secretary a few months ago will now become part of the wider review; Mr Alfred Goldstein, consultant engineer; and Mr Leslie Bond, director of the Rank Organisation.

The outcome of the inquiry,

which Mr Howell said yesterday would be made public, and the resulting decisions could be the most critical for BR since the Beeching review in the early 1960s which resulted in extensive cuts in BR's network.

The Serpell inquiry may not please both Sir Peter and Mr Howell. Sir Peter wants a reconstruction of BR's capital structure, but decisions about the size of the network might be less to his liking.

**Civil service pruned by 9%**

Financial Times Reporter

**THE SIZE** of the civil service in Britain fell by 9,000 in the first quarter of 1982 to 665,400, a reduction of 63,900 or 9 per cent since the Government took office.

The fall in the first quarter was the largest in any quarter for two and a half years, and means the Government is more than half way towards its target of a civil service of 630,000 by 1984, compared with 732,000 at the time of the last General Election.

The present civil service comprises 528,000 non-industrial and 138,400 industrial civil servants. The reduction in the first quarter came almost equally from each section.

**Bank of Scotland launches Visa card**

**THE BANK OF SCOTLAND** is launching its own Visa card and is discontinuing promotion of Barclaycard through its branches. The new card will also serve as a guarantee card for cheques worth up to £50. Cardholders will also be able to use the Visa card to draw up to £50 a day at branches of Barclays Bank, Allied Irish Bank, Clydesdale Bank, Co-operative Bank, Royal Bank of Scotland, Trustee Savings Bank and Yorkshire Bank. Barclaycard will continue to back the new policy.

**BL foundry rescue bid collapses**

**FORMER EMPLOYEES** of the defunct British Leyland foundry at Wellingborough, Northants, have abandoned plans to reopen the plant as their own business despite the promise of £2m worth of new orders. Each of more than 150 ex-workers had chipped in £500 of his redundancy pay towards the scheme, but nearly £1m would have been needed to get the foundry working again. The foundry was closed last year with the loss of more than 500 jobs, as part of BL's cost-cutting programme.

**Gould to expand transformer making**

**GOULD UK**, a subsidiary of US-owned Gould Incorporated, is to diversify into the manufacture of Activair Batteries and expand its transformer manufacturing at Wrexham. The company is taking over three Welsh Development Agency factories. Each of 10,000 sq ft, for the new activities, which will create 130 jobs.

**Diesel microjector sackings at Lucas**

**MORE THAN** 200 workers are to lose their jobs at the Ipswich factory of Lucas CAV. The firm, which manufactures a diesel microjector for the U.S. car market, blames the slump in the market for the 235 redundancies—half the factory's work-force. The diesel microjector was hailed as a world-beating export product when production began.

**Job cuts at BSC agreed by workers**

**MANAGEMENT** plans to cut 100 jobs in scrap metal, canteen and fire and security departments at the British Steel Corporation plant at Corby, Northants, were approved yesterday by more than 3,000 tube workers there.

**PATIENTS' awareness adds to GP's work**

SEVEN out of ten general practitioners believe their workload has increased over the past three years, according to a British Medical Association survey. The majority believes that the increase is caused by a greater awareness by patients of their health needs, and by demand stimulated by media coverage.

**Government irritation with Neddy increases**

BY MAURICE SAMUELSON

A 47-PAGE document from the National Economic Development Council (Neddy) on Britain's industrial policy was described yesterday by Mr Patrick Jenkin, Industry Secretary, as so lacking in specific proposals that to grapple with them was "like wrestling with cotton wool".

His remarks, at a meeting in London of the tripartite council, were the latest symptom of the Government's dissatisfaction with the role of Neddy, set up two decades ago by a previous Conservative administration.

Sir Geoffrey Howe, the Chancellor, said Neddy was weak on implementation and tended to indulge in "slogan swapping". The meeting, which was also to have discussed import curbs, was cut short when Ministers were summoned to an

emergency Cabinet meeting on the Falklands crisis.

The paper on industrial policy was criticised, less harshly, by the Confederation of British Industry for a lack of specific proposals, although the unions welcomed it as a basis for recommendations.

Mr Geoffrey Chandler, Neddy's director-general, said the council had failed to recognise that the paper was intended to be only the first part of a two-stage analysis. His office hoped to present "valid proposals" this year.

The Government seems to have been irked by the paper's emphasis on the lack of continuity in industrial policy... The meeting, which was also to have discussed import curbs, was cut short when Ministers were summoned to an

**Home electronics market faces flood of imports**

BY JASON CRISP

**BRITAIN** will face a growing flood of imported consumer electronics products like colour television, video recorders and home computers if there are no significant changes in policy by manufacturers and government, according to a report published by the National Economic Development Office (NEDO).

It predicts a massive growth in demand for advanced new products and says that on current trends there could be a UK trade deficit of £1bn in consumer Electronics Sector Working Party, says the trade deficit could be limited to £420m, which would prevent a further decline in employment in the industry. (In 1980 the deficit in the sector was £264m, compared with £105m in 1979.)

The sector working party has four main recommendations:

- Greater collaboration between sectors of the industry to combine technological skills with volume manufacturing and strength in mass marketing;
- Companies should exploit ownership of distribution channels to accelerate growth of new products while supporting UK production;
- Manufacturers should reverse the trend to import more components. Buying integrated circuits from abroad precludes a close customer-supplier relationship and restricts companies to the rate of innovation achieved elsewhere;
- High levels of capital investment to increase automation in the assembly of printed circuit boards and other areas of production, such as using robotics.

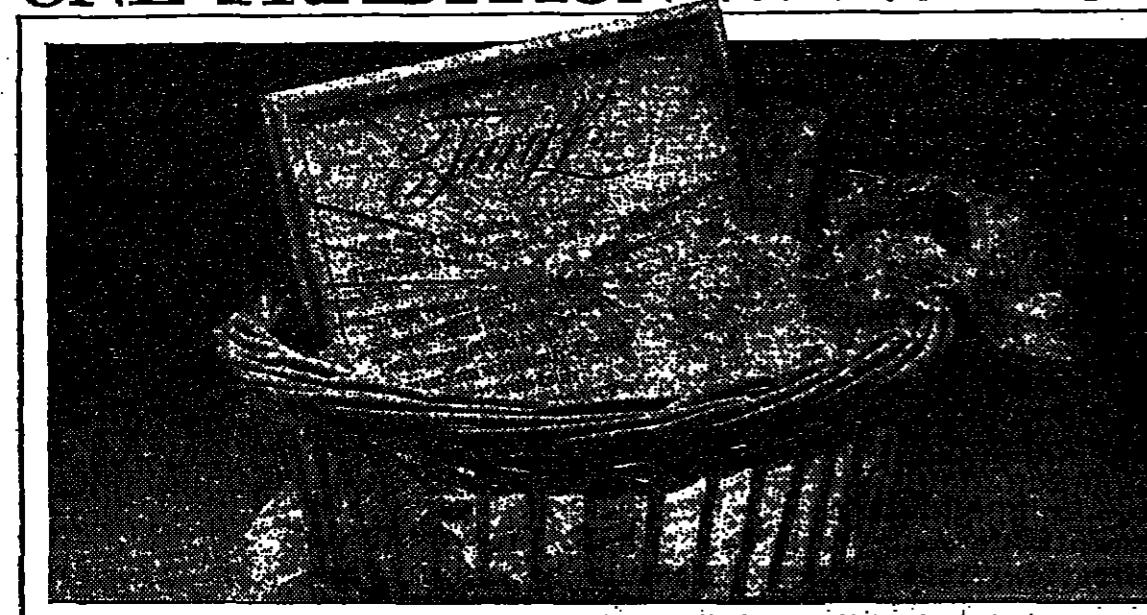
As a glance at our new tariff card will confirm.

Now you can stay in one of Edinburgh's grandest hotels from as little as £23 a night\*

Does this mean an end to all that style, elegance and service upon which we've built our reputation?

Quite the opposite.

We're spending over £2.5 million on refurbishing our Edinburgh hotels.

**WHILST RETAINING ALL THE STYLE AND ELEGANCE OF OUR HOTELS, THERE IS ONE TRADITION WE'VE DONE AWAY WITH.**

Plus another £2.5 million on their sister hotel at Gleneagles in Perthshire.

So now our range of facilities will be even wider, our standards of service and comfort even higher.

In short, our hotels will be even more luxurious.

However, these days, they're a luxury most people can afford.

Traditionally hotels as luxurious as ours have been the preserves of the privileged classes.

Hardly surprising when you consider what they had to pay for the privilege.

What might surprise you is that at the North British and Caledonian in Edinburgh, a heavyweight bill first thing in the morning is no longer a tradition we're particularly strong on.

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What might surprise you is that at the North British and Caledonian

John 15

## U.S. 'drops plea' to buy plutonium

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. has abandoned plans to buy or lease plutonium from Britain to help to meet its growing demand over the next few years.

This is the understanding of senior British Government officials, who believe that the Reagan Administration accepts that the Pentagon must make its own arrangements to provide extra plutonium for nuclear weapon programmes.

The U.S. Government approached Britain last year with a request for plutonium from Britain's civil stockpile. This stockpile has accumulated through the reprocessing of spent nuclear fuel from the electricity-generating Magnox reactors of two British electricity utilities.

According to figures recently disclosed by the Department of Energy, Britain has a stockpile of 33 tonnes of civil plutonium, increasing at the rate of two tonnes a year.

Fears had been expressed by the nuclear industry that if the Government agreed to sell or lease plutonium to the U.S. to help to provide the "teas of tonnes" the U.S. requires for a fast-breeder reactor development programme, it would allow scarce U.S. plutonium stocks to be made available to the Pentagon.

The Central Electricity Generating Board was perturbed that such a deal between the two governments could hamper Britain's ability to draw forward its own plutonium stocks.

## Oil production increases to 1.9m barrels a day

BY RAY DAFTER, ENERGY EDITOR

OIL PRODUCTION rose to almost 1.9m barrels a day in the first quarter of the year, about 19 per cent above the oil-consumption level, the Energy Department said yesterday.

The department's provisional energy statistics show the UK to be one of few oil-producing states increasing output at a time of surplus supplies in the world market.

Crude-oil production, mainly in the North Sea, totalled 23.5m tonnes in the January-March period, about 7.5 per cent above the output level in the corresponding quarter last year. Use of oil products fell to 19.8m tonnes in the first quarter, 0.4 per cent less than in the first quarter of 1981.

Overall energy use fell by 0.8 per cent to 91.2m tonnes of coal-equivalent in the January-March quarter. In the quarter last year 91.9m tonnes

of coal-equivalent were used. The figures indicate the rate of fall in energy demand is decelerating. Last year as a whole the equivalent of 316.4m tonnes of coal was used, 3.5 per cent less than 1980 and 11 per cent less than 1979.

Demand for natural gas in the first quarter of this year was boosted by exceptionally cold weather. Demand over the period rose to the equivalent of 25m tonnes, 3.8 per cent more than in the corresponding period last year.

Consumption of other fuels fell in these periods, coal by 4.7 per cent.

Total production of primary fuels in the first quarter of this year was the equivalent of 97.4m tonnes of coal, 3 per cent more than in the first quarter of last year. Coal-production fell by 1.5 per cent but natural gas output rose by 3.4 per cent.

## Sales of beverage cans down 4.1% on year

THE DIFFICULTIES of Britain's can makers were underlined by figures issued yesterday showing that total UK sales of home-produced soft drinks cans last year were 97.6m, compared with just more than 1bn in 1980.

Part of the fall is accounted for by the increase in filled soft-

drinks cans imported from the Continent. Retail sales in the UK last year were down 4.1 per cent from 1980.

But sales in the first quarter of this year appear to be higher than in the same period of last year.

The beverage can gained ground last year on bottles and other containers,



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## Bubble and squeak jumps out of the frying pan... and into the freezer

Raymond Smoddy reports on restaurants with "something traditionally English" on offer

**BUBBLE AND SQUEAK**, the traditional British way of making leftover potatoes and cabbage palatable, is making a comeback in London in the shape of a fast food.

Two bubble-and-squeak restaurants have been opened and a third is on the way. All will offer a take-away service.

"We decided that cabbage was not a very marketable thing," he says. The new bubble and squeak is made from shredded potatoes, onions and herbs and owes more to the Swiss version of the dish—Bösti—than the British.

It is really intended as a bun substitute to wrap around egg, cheese, beefburger and corned beef fillings.

Mr Marshall, who has been made redundant three times from marketing posts in large leisure companies, is using £50,000 of his money to

back his view that there is a need for a new British fast food to combat such foreign invaders as the hamburger and the pizza.

Barclays Bank has given Mr Marshall a loan of £135,000 — £70,000 under their business start-up scheme. The Industrial and Commercial Finance Corporation has provided £70,000 and holds 30 per cent of the equity.

The bubble and squeak restaurants have been called Knights, after Mr John Knight, who made real

bubble and squeak in his transport cafe in Leigh Street near Euston Station for nearly 40 years. Five years ago, when Mr Knight retired, Mr Marshall took over the transport cafe and turned it into a wine bar. One of the new restaurants is four doors away.

Mr Knight still lives in the neighbourhood and regularly eats the new product — although, he points out, it is rather different from the transport cafe version.

For some years Mr Marshall had believed in the medium-

and long-term prospects for the fast-food market and had been looking for a "traditional" English product.

He considered casseroles and steak-and-kidney pies.

"One day I was talking to a food manufacturer and said what was just off to make myself some bubble and squeak. He said he had made some the previous day and wasn't it delicious. It was almost eureka," Mr Marshall said.

It took more than a year of experimenting to turn bubble and squeak into a fast

food. Pre-cooked potato fell apart and was difficult to handle.

Now the process has been refined. The bubble is made in the company's own manufacturing kitchen and takes 2 minutes, 12 seconds to cook in the restaurant.

Mr Marshall believes that his fast food bubble and squeak will have national appeal and would also be successful in the U.S. But without the backing of a larger group, he says, Knights would not have the resources to expand beyond three or four restaurants in the immediate future.

## Small business wins chance to acquire plant

A SOUTH LONDON business consortium has the chance to buy the factory it leases from the Department of Transport.

The factory in Beddington, Surrey, was due to go under the auctioneer's hammer on May 15. But Mr Nigel Forman, MP for Carshalton and Wallington, wrote to the Department and asked for the sale to be delayed to give the consortium time to raise the money to bid for the factory.

The MP contacted Mrs Lynda Chalker, Parliamentary Under-Secretary at the Department of Transport, and paid the leaseholder's case. She told him in a letter: "It is clear the tenants had not appreciated the sale was likely to come so soon.

This being the case, I have given instructions that the auction should not now take place. There is now no question of it being rearranged before July.

The consortium has contacted a finance company and been promised the funds necessary to place a bid for the factory in July.

## Judge orders owner to sell twice-chartered ship

COURTS CORRESPONDENT

BY RAYMOND HUGHES, LAW

A SWEDISH shipowner awarded damages, to be assessed, against Stena.

The judge said Stena had caused the Canadians and the Belgians acute difficulty and embarrassment to the private sector.

In February Regie chartered the Nautica for two years, at US\$8,800 (£4,900) a day, with options to extend for a further year and to purchase the vessel for US\$15m.

Unknown to the Belgians, in 1976 Stena had chartered the Nautica to Canadian National Railway Company, the rights being assigned to C.N. Marine, in December 1979. That charter was for five years at £81.4m (US\$15m) a year in 1976, rising to £81.5m in 1980.

Four days after the Nautica was delivered to Regie, C.N. Marine validly exercised its purchase option and yesterday asked the court to order Stena to sell it the vessel.

The judge decided Regie, who he said had acted in good faith, should pay the next two years' hire charges in full.

"That is why the Government must remove a block in Treasury thinking which suggests that nationalised industries may be privatised in whole or in part only when making a profit."

January is normally one of the best months for executive recruitment advertising, according to Mr Garry Long, managing director of MSL.

"But this year was exceptional. The posts showed the increase.

## Demand for executives growing more rapidly

BY JAMES McDONALD

Financial Times Reporter

THE INSTITUTE OF Directors urged the Government yesterday to be prepared to give loss-making nationalised industries to the private sector.

At the same time, the Government should be prepared to pay the private sector "to remove the burden of continuing and unquantifiable losses" in the nationalised sector.

The organisation's MSL Index, based on a study since 1958 of management recruitment advertising in the UK national Press, jumped by 29 points, or 33 per cent, from 86 to 115 during the first quarter of this year.

That was the largest quarterly rise since 1968 and the highest figure since September 1974.

The total number of appointments appropriate to the index and advertised in the first three months of this year was 6,617, compared to 4,658 in the equivalent period of 1981—an increase of 42 per cent.

All the individual job functions covered by the index showed increases in demand, but some were affected more than others.

"Sales appointments, always the first to react significantly to a rising employment market, showed an exceptional increase of over 40 per cent in the 12 months just ended," said Mr Long.

But management recruitment advertising in research, development and design—particularly for engineering, electronics, technical and scientific posts—showed the increase.

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## UK NEWS

# Car sales fall below expectations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK motor industry has less than 36 per cent of the UK car market so far this year and forecast from the 1.52m-1.55m predicted in January to 1.48m.

This compares with a record 1.71m in 1979 and would leave registrations unchanged from last year's level.

The Society of Motor Manufacturers and Traders still expects an increase in commercial vehicle sales—228,000 for 1982 against 218,000 last year.

Mr Geoffrey Moore, president, yesterday warned however: "At these sales levels the prospect of our industry's early recovery is not good."

Importers have taken more

subishi plant in Australia, and Mr Moore pointed out they would attract only 10.6 per cent import duty in the UK.

Australia, he said, imposes duties ranging from 57.5 per cent up to 131.5 per cent, with additional restrictions to ensure that total import sales cannot exceed 20 per cent of the total car market.

Mr Moore also pointed an accusing finger at Spain. Spanish cars attract only a 4.25 per cent duty in Britain while UK cars are charged 36.7 per cent for access to Spain.

Mr Moore did not name individual companies but the

society's own statistics show Ford imported 58,208 Spanish-built Fiestas last year while BL was able to sell only 1,162 of its models in Spain.

Imports from Spain are due to get another substantial boost next year when a new small car produced by General Motors will be sold in Britain with a Vauxhall badge. Vauxhall aims to sell around 45,000 a year.

Korean cars were launched in the UK for the first time last year and Mr Moore said they pay no import duty whereas imports to Korea are subject to licence and duties ranging from

100 to 150 per cent.

Britain also offers entry to cars from the Comecon countries at low tariff rates "with no chance of open competition on those countries' markets," he claimed.

"The time has come when Britain must cease being the soft market for the so-called developing world.

"Would it be so wrong for us to expect at the very least that our import duties be geared to the same levels as our products face when they sell in these nations?"

"Free trade we want—equal treatment we must demand."

## CWS lifts profits by £4.9m in 1981

By David Churchill

THE CO-OPERATIVE Wholesale Society, the largest food manufacturing and wholesale organisation in Europe, yesterday reported trading profits for 1981 up by £4.9m to £16.8m on sales up only marginally, from £1.5bn to

£1.59bn.

After interest payments,

profits were £14.4m, an increase of £3m on the 1980

The CWS does not seek to maximise profits in the normal sense since it is owned by the retail co-operative societies and supplies much of their food and other products. However, the CWS aims to make a substantial trading surplus each year to reinvest in its extensive manufacturing and distribution facilities.

Mr Denis Landau, the CWS's chief executive, said yesterday that the trading performance was encouraging, considering the difficult economic circumstances. "Consumer spending increased very little last year and in our most important trading sector, it did not grow at all," he said.

Sales of the CWS's food division rose by 6.4 per cent to £1.29bn. Profits rose from £11.1m in 1980 to £17m.

Sales of non-foods fell by almost 2 per cent and trading losses increased from £1.5m in 1980 to £3.1m last year.

The trading problems of the retail societies are likely to feature prominently again this year at the annual Co-operative Congress

## Stansted inquiry will last well into 1983

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PUBLIC inquiry into siting London's third major airport, now in its eighth month, promises to become the longest public planning inquiry ever. It is certain to continue well into 1983.

The inspector appointed by the Department of the Environment, Mr Graham Erys QC, expects to start hearings on one of the most important aspects—whether there should be a fifth terminal at Heathrow rather than development at Stansted in Essex—on January 11 next year.

That part of the hearing will be devoted to considering the planning application submitted by the Uttlesford District Council—whose area includes Stansted—for the development of Terminal Five at Heathrow in place of Stansted.

This application is supported by British Airways, which does not want to move any significant part of its operations from Heathrow to Stansted. But it is vigorously opposed by the British Airports Authority, which wants Stansted developed to a capacity of 15m passengers a year, and probably an eventual 30m.

The Heathrow investigation will examine whether the Perry Oaks sewage works at the western end of the airport will be a threat to natural justice as well as to the well-being of those who live near Stansted.

## Tory back-bench call for aviation project decisions

BY OUR AEROSPACE CORRESPONDENT

GOVERNMENT decisions on new aviation projects are needed urgently, if the aerospace industry is not to begin a run-down this year, Mr Michael Colvin, the new chairman of the Conservative Parliamentary Aviation Committee, said yesterday.

Mr Colvin, MP for Bristol North-West, has been elected committee chairman to succeed Mr Cranley Onslow, who recently became a Foreign Office Minister.

The industry needs decisions on the development of the P-110 single-seat fighter, now under private development by British Aerospace and companies in the equipment industry, and on the 67R development of the Rolls-Royce RB-199 engine to power that aircraft, Mr Colvin believes.

Rolls-Royce also faces problems in finding a third partner

for work on the existing UK-Japanese XJ-500 engine—for the next generation of 150-seat airliners.

"One of our committee's first engagements is to visit Toulouse to discuss with Airbus Industrie the A-320 contender in this 150-seater competition," said Mr Colvin.

Mr Colvin said that the saga of the third London Airport was dragging on at Stansted, and he felt that Government policy on airport strategy and financing needed a radical rethink. "Our committee has that matter in hand, and we will be publishing a report soon.

"There is a glimmer of recovery in civil aviation and this will help British Airways' battle back to profitability prior to demobilisation, which we want to see before the next General Election."

## Dan-Air to operate Irish services from Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR will be able to start air services between Gatwick and Dublin from June 28, and between Gatwick and Shannon from the spring of 1983.

This is the result of an agreement between the Department of Trade and the Irish Government.

Dan-Air will operate a daily service in the mornings and Aer Lingus, which already serves the route, will supply an evening service. Aer Lingus and British Airways will continue to fly between Heathrow and Dublin.

At first, Dan-Air will offer a £90 one-way economy fare—£5 less than the club class fare charge by British Airways and Aer Lingus. The three airlines will consider longer-term development of London-Dublin fares.

In the course of its negotiations with the Trade Department, the Irish authorities also gave permission for Dan-Air to serve Shannon from Gatwick—also along with services from Heathrow by BA and Aer Lingus—and to combine the Shannon route with the existing Dan-Air service to Cork. The Shannon service will not start before April 1983.

Mr Ian Spratt, Parliamentary Under-Secretary for Trade, said that the Irish agreement, following their with West Germany to allow British Caledonian flights to several German cities, represents a major step forward in our efforts to achieve greater competition.

"We will continue to press our view that the airlines in Europe should have greater freedom to compete with the services they offer and the fares they charge."

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## Bart's launches urgent plea for cash

BY RAYMOND SNOODY

### Labour apt to nullify Redpath sale, says union

By Maurice Samuelson

A FUTURE Labour Government might nullify the sale to Trafalgar House of Redpath Dorman Long, the British Steel Corporation's heavy engineering arm, the General and Municipal Workers' Union said yesterday.

In a letter to GMBU members employed by RDL, Mr Frank Cottam, national officer, said unions would ensure that the company would "be returned to state ownership even if that meant nationalising Cleveland Bridge and Engineering". Trafalgar House's engineering subsidiary with which RDL will effectively be merged.

The Office of Fair Trading is still studying the sale, which was completed last Thursday in the face of sustained opposition by RDL managers and workers and the TUC Steel Committee.

George V building.

Dr Cudworth said the over-crowding flouted regulations but there was no room to expand.

The research block at Bart's will cost £5m. About £3m has been raised—half of it from the City, industry and trusts. Another £500,000 is needed by June or July at the latest to avoid penal clauses in construction contracts.

If the money is not raised, about a third of the departments will have to stay in the present cramped conditions.

Another £1.5m is needed to equip and run the building as a clinical research centre.

Mr James Robinson, a trustee of the Bart's Research Development Unit and former senior surgeon at the hospital, said yesterday that without the building, vital research involving 25,000 patients a year would be stifled.

He said no money was

available for the project from the cancer department at Bart's, said his department's studies on myeloblastic leukaemia were being carried out on two floors of a disused warehouse across the road from the hospital.

Prof Malpas hoped the studies would "cure" rates for the disease of about 50 per cent, against the present 5 per cent.

Also in a disused warehouse Prof Tim Chard is doing research on glands which appear to act as a switch mechanism for such things as the onset of labour and puberty. The research, he believes, may enable doctors to tackle the problem of premature labour.

Mr Robinson said: "We are asking the public to help ensure that vital research work will flourish and not wither. By donating to the appeal the public will be contributing directly to the relief of the sick

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**ALLEGHENY INTERNATIONAL**



# New MSC chief strongly backs youth training plan

BY IVO DAWMAY, LABOUR STAFF

MR DAVID YOUNG, newly appointed chairman of the Manpower Services Commission, yesterday warned that if the Government attempted to alter its proposals on the forthcoming first training programme it would have to reconsider its position.

He told the Employment Select Committee that the youth training plan drawn up by the MSC task group—which includes representatives from the TUC and CBI—was an integrated programme which could not be changed without further consultation.

"It was approved as a complete package and stands and falls as such," he said.

Mr Young also supported the task group's insistence that supplementary benefits should

be paid to those who opted out of the training programme. A White Paper published by the Department of Employment yesterday warned that if the Government attempted to alter its proposals on the forthcoming first training programme it would have to reconsider its position.

Pressed to give a personal view, Mr Young would only reply: "If supplementary benefit (for 16-year-olds) was abolished, that would not be in line with this report."

He added: "I suspect that if the safety net of supplementary benefit was removed it would be difficult to find unanimous agreement."

Mr Young said that the report unanimously supported a payment of £25 per week to trainees as opposed to the £15 recommended by Mr Norman Tebbit, Employment Secretary, in his White Paper.

## Yorkshire miners back political protests

By John Lloyd, Labour Editor

THE LEFT-LED Yorkshire area of the National Union of Miners is to back a call for political demonstrations in certain circumstances.

The advocacy of this was the main cause of the dispute between Labour's leadership and Mr Peter Tatchell, the parliamentary candidate for Bermondsey chosen by the local party.

The area's council has voted to back an amendment to a motion at the miners' annual conference which backs parliamentary democracy.

"We see this as a total package and any imputation that this is a TUC inspired package is not true. The TUC believes in certain circumstances such as opposition to Tebbit's anti-trade union legislation, the campaign for peace and the fight against unemployment."

If accepted, the amendment, which is likely to get support from major left-led areas such as South Wales, Scotland and Derbyshire, would commit the miners to the same policy which Mr Tatchell advocated in an article in "London Labour Briefing" and for which he was roundly criticised by Mr Michael Foot, the Labour Party leader.

Mr Foot told the House of Commons last year that this issue had convinced him that he should oppose Mr Tatchell's nomination—a stance later supported by the party's executive.

Mr Ian Scott, a Nupe area official, said that the allegations were "crude propaganda" by the chairman of Pritchard Industrial Services and that the statements were aimed at the voters in today's borough elections.

Pritchard has already made a series of allegations of sabotage of vehicles and equipment, but yesterday's incident was the first of physical violence. Mr Leer claimed that earlier in the week, heavy boxes of waste were thrown at him, but missed.

He said last night that he would recognise his attackers and that other members of the gang slashed vehicle tyres and screamed abuse. "They knew who I was because I have been directing our operations there recently. But they have picked on the wrong man."

In February, Pritchard received from Wandsworth a £4.5m street cleaning contract aimed at saving the Council £2.37m over the next five years. The company has also been engaged as a temporary refuse

## Assault alleged in council dispute

BY JOHN LLOYD, LABOUR EDITOR

THE BITTER dispute in the London Borough of Wandsworth over the council's use of private cleaning contractors sharpened yesterday when a director of the company alleged that he had been assaulted by a group of men, some of whom were wearing council jackets and union armbands.

Mr Ian Leer, a director of Pritchard Industrial Services, said last night that he had been assaulted and punched in the stomach by seven men in the Henry Prince Estate, Wandsworth.

Earlsfield Police Station last night confirmed that a report of the incident had been made and that other allegations of damage to vehicles had been made in the past few days.

But the National Union of Public Employees, which organises the Borough's 300 refuse collectors, now on strike in protest against its privatisa-

tion plans, has firmly denied that its members have offered violence or committed acts of sabotage.

Mr Ian Scott, a Nupe area official, said that the allegations were "crude propaganda" by the chairman of Pritchard Industrial Services and that the statements were aimed at the voters in today's borough elections.

"What evidence have they brought forward of these alleged acts by Nupe members? I am satisfied that none of my members have engaged in these actions and it would not be in our interests to do so. We have been involved in a peaceful campaign of picketing."

In February, Pritchard received from Wandsworth a £4.5m street cleaning contract aimed at saving the Council £2.37m over the next five years. The company has also been engaged as a temporary refuse

collection agency following a protest strike by the council dustmen.

Some 70 council white collar staff, members of the National and Local Government Officers Association, are also on indefinite strike. They include telephonists, computer staff, debt and rate collection officers and supervisors.

Pritchard has already made a series of allegations of sabotage of vehicles and equipment, but yesterday's incident was the first of physical violence. Mr Leer claimed that earlier in the week, heavy boxes of waste were thrown at him, but missed.

He said last night that he would recognise his attackers and that other members of the gang slashed vehicle tyres and screamed abuse. "They knew who I was because I have been directing our operations there recently. But they have picked on the wrong man."

## Rail unions pledge action against cuts

BY OUR LABOUR STAFF

CRAFT UNIONS at British Rail's engineering workshops yesterday pledged to take industrial action to resist demands by BR for 5,000 redundancies.

Strike action by all 23 unions in the Confederation of Shipbuilding and Engineering Unions was not ruled out by Mr Alex Ferry, Confederation general secretary. Following yesterday's meeting of the railway sub-committee, the full Confederation is meeting today.

At yesterday's meeting the 50

delegates from 13 main rail workshops reacted angrily to the British Rail engineering proposals announced last month for compulsory redundancies. The cuts would mean the total closure of workshops at Shildon in Co. Durham, Horwich in Lancashire, and the halving of the workforce at Swindon BREL employs 35,000 blue-collar workers—over half of whom are in the Confederation.

Mr Ed Scriven, chairman of the railway sub-committee of the Confederation and an

executive council member of the Amalgamated Union of Engineering Workers, said that action would be co-ordinated by the Railway Shopman's National Council, which covers the 14 sub-committee unions, plus the National Union of Railways.

Yesterday's delegate meeting of National Union of Railways members in the rail workshops backed last week's decision of the national executive to oppose all compulsory redundancies—by strike action if necessary.

The Yorkshire area is to involve members in a series of political demonstrations.

Mr Jack Taylor, the area president who succeeded Mr Arthur Scargill earlier this year, has said

in his first public statement since assuming office that miners could not stand by while the fabric of Britain was being "ripped apart".

He said: "We are rightly linked now as the leading force in trade unionism in this country. Many people expect a lead from us on a whole range of issues—wage, job, freedom.

"We cannot restrict ourselves to removing our interests on the industrial front. If we do that, there may be no industrial front left."

The present Employment Bill

"might make the business of

a constructive approach to

# The hidden worlds of μ.

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## UK NEWS – LABOUR

Job is life

# Dockers who dread a strike

Brian Groom assesses the mood among port workers at Felixstowe

RELIEF MAY be felt by many of Britain's 24,000 dockers, if their delegates at a Transport and General Workers' Union conference on Saturday vote to accept the docks committee's recommendation to call off next week's threatened strike.

This would certainly be widespread at the thriving east-coast port of Felixstowe. It is one of more than 80 ports which the union wants brought into the national dock labour scheme, an aim 800 dockers would have been expected to play a full part in the national stoppage to achieve that aim.

They would probably obey an official strike call, if only because Felixstowe would otherwise be a prime target for flying pickets. However, there would be misgivings.

A number of Felixstowe dockers live in the leafy, middle-class side of the town, and frequent the Conservative Club. Most are solid trade unionists, but their moderate anti-trade union legislation, the campaign for peace and the fight against unemployment."

If accepted, the amendment, which is likely to get support from major left-led areas such as South Wales, Scotland and Derbyshire, would commit the miners to the same policy which Mr Tatchell advocated in an article in "London Labour Briefing" and for which he was roundly criticised by Mr Michael Foot, the Labour Party leader.

Mr Foot told the House of Commons last year that this issue had convinced him that he should oppose Mr Tatchell's nomination—a stance later supported by the party's executive.

The TGWU maintains that most of its 6,000 dockers in non-scheme ports want to join the scheme. It would give them the statutory right to regulate the size of their workforce jointly with employers, and taken with the industry's non-statutory Jones-Aldington agreement, would virtually rule out compulsory redundancy.

Many at Felixstowe are

attracted by the promise of a job for life." But the scheme is not unanimous, and others

heed employers' warnings that the scheme, widely criticised for expense and inflexibility, would threaten the efficiency which helped it grow from nothing into one of Britain's main ports.

The impetus behind the strike

call came from shop stewards in the scheme ports. Its roots lie in the decline of the registered workforce from 82,500 at its peak in 1957 to 18,000 today, caused largely by containerisation, and the shift in trade from west to south and east coast ports.

If we cannot prevent the job losses, the registered dockers say, we will at least fight any attack on the scheme which means no-one has to be made redundant against his wish.

Two months ago, the National Dock Labour Board—which administers the scheme, and on which employers and employees are equally represented—put forward plans for massive cost-cutting reorganisation.

Although the NDLB insisted that the reorganisation would not affect its statutory duties, dockers saw it as the thin edge of the wedge. They threatened to back down after key proposals were withdrawn.

The steady growth of a large number of dockers outside the scheme is similarly seen as an

oblique threat to the scheme itself, making it vulnerable to attack. The NDLB cuts were proposed on grounds of financial stringency. If the 80 or so unregistered ports were brought in and began paying the payroll levy to the board which the scheme entails, the dockers feel the scheme would be bolstered.

There is also a feeling among some dockers in registered ports that they have been losing jobs to the non-scheme ports, and that exemption from the levy gives the non-scheme ports an unfair additional advantage.

He also objects to paying a payroll of possibly over £1m a year to pay for a scheme not necessary for running his busi-

The National Association of Port Employers, which has kept to the sidelines in the past few

years, would not be prepared to endorse an extension of a scheme which it believes needs modernisation and made more flexible, and it feared a strike would destroy signs that the industry may be moving towards stability.

Although many ports are making losses, the association hopes the registered workforce may stabilise at about 14,000 by end-1984, and that the problems of

massive surplus labour may be coming to an end. The present six-week severance scheme will bring it down to about 16,000.

## Scots teachers awarded 6% in arbitration

By Michael Dixon, Education Correspondent

**ABOUT** 60,000 teachers in Scotland are to have a 6 per cent pay rise as the result of arbitration. The employers had offered 4 per cent against the unions' claim of 11 to 12 per cent.

The award to 465,000 schoolteachers in England and Wales is also under arbitration and is expected to be decided later this month. Although the unions' claim was similar to that of the Scottish teachers, the education authorities south of the Border offered only 3.4 per cent.

A teacher who voluntarily took advantage of an early retirement scheme was not entitled to unemployment benefit for the first six weeks after leaving his job, the Appeal Court in London ruled yesterday.

The ruling could affect about 3,000 teachers opting for premature retirement with Education Department backing.



SKF

## UK NEWS – PARLIAMENT and POLITICS

U.S. SECRETARY HAIG THE 'CENTRAL FIGURE' IN INTRICATE DISCUSSIONS, PYM TELLS HOUSE

## Diplomatic hopes prevent more Commons disunity

BY IVOR OWEN

ASSURANCES by the Government that Britain is still actively pursuing a diplomatic settlement of the Falklands crisis, coupled with the universal regret over the casualties suffered by Britain's naval task force in the South Atlantic, prevented any major new divisions opening up between the parties in the Commons yesterday.

Mr Francis Pym, the Foreign Secretary, again made it clear that Mr Alexander Haig, the U.S. Secretary of State, is the central figure in an intricate series of diplomatic discussions now in progress.

He explained that proposals made by the Peruvian Government had been absorbed into a refinement of earlier American proposals, and to the evident satisfaction of

Opposition leaders, emphasised that he was also keeping in close touch with Mr Perez de Cuellar, the United Nations Secretary-General.

While again insisting that the immediate objective must be to bring to an end Argentina's unlawful occupation of the Falkland Islands, the Foreign Secretary stressed that "a vital ingredient of the ideas on which we are working is an early ceasefire and a prompt withdrawal of Argentine forces."

Mr Nott conceded that, in retrospect, Britain had not moved forward fast enough in equipping the fleet with anti-missile missiles.

He, like the Foreign Secretary, accepted the need for a negotiated settlement but warned of the wider implications which had to be taken

into account in considering proposals for a ceasefire.

To cheers from Government supporters Mr Nott emphasised:

"It would not be to Britain's advantage to agree to a ceasefire unless we are clear that we had a negotiating process which would get Argentina off the islands."

He acknowledged that some Labour MPs took a different position but claimed that the majority of the House shared the view he had stated on behalf of the Government.

Mr John Nott, the Defence Secretary, revealed that the stricken Type 42 destroyer HMS Sheffield was not equipped with the Seawolf anti-missile missile which is the only effective counter to the sea skimming Exocet missile which was successfully launched against it by an Argentine Super Etendard aircraft.

He explained that this was because the armaments of the British fleet were primarily designed to counter their Russian counterparts, which until very recently had not been deploying sea-skimming missiles.

Labour backbenchers who fear a major escalation of hostilities protested when Mr Ian Lloyd (Con., Havant and Waterloo) made an implied call for action against military air bases on the Argentine mainland.

He urged the Government to recognise that the naval task force would not be able to attain its objectives unless Argentina was not capable of operating missile-carrying aircraft from any runways within striking distance of the fleet.

Mr Pym replied that military considerations were being



John Nott



Denis Healey



Francis Pym

thought about in great depth. Possible plans were being prepared and this was "entirely right" because the task force was operating in the South Atlantic.

But he added: "Let us at the moment concentrate on trying to achieve a possible settlement because that is what the House wants."

Mr Denis Healey, shadow Foreign Secretary, won cheers from the critics on the Labour back benches when he highlighted the fact that if Argentine and British casualties continued to mount there was a danger that more servicemen's lives would be lost than there were inhabitants of the Falkland Islands.

He said this underlined the paramount necessity of achieving a diplomatic solution.

Mr Healey welcomed the increasing emphasis which the Government was placing on the United Nations and noted with approval the indications given by ministers that a ceasefire must depend on a negotiating process which got Argentina's troops off the islands.

He saw this as an important distinction from earlier demands that a ceasefire could not take place until Argentina's troops had already left the islands.

Mr Pym said a ceasefire involving arrangements of withdrawal of Argentina's troops from the islands had always formed part of the diplomatic discussions.

While reaffirming that he was keeping in close touch with the

UN Secretary General, he stressed: "In my opinion Mr Haig's efforts are the most hopeful basis of achieving a settlement."

Dealing with longer-term aspects, Mr Pym told Dr David Owen, parliamentary leader of the Social Democrats, that the possibility of making the Falkland Islands a strategic trust territory under the United Nations was a concept which, among others, could be considered.

The Foreign Secretary also made it clear that Britain is prepared to consider long-term arrangements which permit countries without a direct interest to participate in discussions on the future status of the islands.

He spoke of the possibility of

discussions between the parties and others "in whatever form is thought best at the time."

Mr Nott renewed earlier assurances that the actions of the naval task force are subject to strict political control and authority.

He confirmed that the decision to torpedo the Argentine cruiser, General Belgrano, was taken by the submarine commander — within the very clear rules of engagement which had been set in London and discussed by the Cabinet.

In the Lords, the Defence Secretary's statement was repeated by Viscount Trentham, Defence Procurement Minister.

The Bishop of Norwich, the Rev Maurice Wood, said there was a strong sense from the Church of support in prayer for all that the Government was seeking to do to maintain justice and work for peace.

The veteran Methodist Lord Soher called for a ceasefire and said there was "widespread disagreement with the churches."

"It would be totally wrong to assume that the concept of just war is generally held by those who profess the Christian faith," he said.

The Conservative Earl of Dudley said that as the father of three half-Argentine children by an Argentine mother he naturally deplored the loss of life on both sides.

He urged the Government to reduce Argentine air capability by all possible means — even if that means taking some risks with public opinion — if it posed a very serious threat to the task force.

**Labour call for NI surcharge cut to 1½%**

By John Hunt,  
Parliamentary Correspondent

THE GOVERNMENT faced demands from Labour in the Commons last night for the National Insurance Surcharge to be reduced to 1½ per cent

to help industry. In the Budget the Chancellor announced that the surcharge would be reduced from 3½ to 2½ per cent from August 3, and that an extra 1 per cent would also be cut temporarily from August until April 1983.

During the debate, which came during the Committee Stage of the Finance Bill, some Tory backbenchers were also severely critical of the surcharge, which they saw as a tax on jobs.

Mr Peter Shore, Labour's economics spokesman, described the Government's reduction as "too little and too late."

He agreed that the surcharge was first introduced by the Labour government in April 1977, but said that at that time the economy was far more competitive. The Labour government had stabilised unemployment before it was introduced.

No less than 20,000 firms had gone into liquidation since May, 1979, said Mr Shore, and the

Conservative Earl of Dudley said that as the father of three half-Argentine children by an Argentine mother he naturally deplored the loss of life on both sides.

He urged the Government to

reduce Argentine air capability

by all possible means — even

if that means taking some risks

with public opinion — if it posed a very serious threat to the task force.

**Poll leaflets to be destroyed**

Peter Shore: too little, too late.

gross domestic product was 6 per cent below what it was when the Government came to power.

Mr Shore pointed out that in his survey published yesterday in the Confederation of British Industry — which is also demanding a cut in the surcharge — had said: "There is still no confidence of any industrial recovery and activity being underway. Demand is stagnant and nine out of ten firms are short of orders."

He also reminded the House that the Government intended to claw back the amount which the public sector saved on the reduction in the surcharge. Thus, the claimed cut of £bn in the burden on industry was £1bn.

The public sector would have to forgo the £360m saving, and this left a benefit of £640m to private-sector firms. This would have only a minor effect on competitiveness, job creation, the cost of living, and low levels of profitability.

A Labour government would have no intention of seeking a claw-back from the public sector. Its proposals for a cut in the surcharge would mean a genuine reduction in the costs of industry of £2bn this year and £2.4bn in 1983-84.

Using the Treasury model, he said, it was shown that this would lead to a gain of 2½ per cent in trade competitiveness, a 3½ per cent reduction in the cost of living index and the creation of 50,000 new jobs in two years.

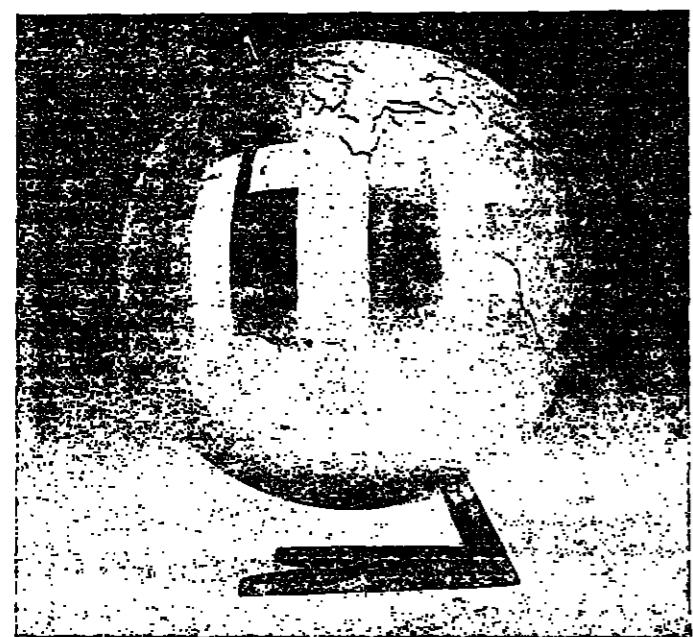
From the Conservative back benches, Mr Kenneth Lewis (Rutland and Stamford) described the surcharge as "a tax on labour, a tax on employment — a bad tax."

He would have liked the Chancellor to have removed it in the Budget, and thought that if he had realised that the public sector borrowing requirement would undershoot by £2bn — he might have done so.

Many small firms were laying off employees to meet their National Insurance bill for the rest of the workforce.

Another Conservative, Mr Christopher Patten (Bath), said that knowing what could be accomplished by a cut in the surcharge he thought this was a risk the Chancellor should be prepared to run.

"I hope he will keep an open mind about further cuts in the surcharge later in the year," Mr Patten added.



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| Office Equipment       | Furniture                               | Laboratory Equipment        |
| Wood Processing        | International Fair                      | Laundry & Cleaning          |
| HONG KONG              | Jewellery/Watches                       | Materials Handling          |
| Electronics            | Laundry & Cleaning                      | Men's & Boys' Clothing      |
| Security Control       | Mining                                  | Needlecraft                 |
| JAPAN                  | Photographs                             | Packaging                   |
| Energy Technology      | Equipment                               | Plastics & Rubber           |
| KOREA                  | Rubber & Plastics                       | Printing                    |
| Shipbuilding/Marine    | Travel                                  | Welding                     |
| Textile Machinery      | Wood Processing                         | Wines & Spirits             |
| MEXICO                 | UK                                      | USSR                        |
| Fishing Industry       | Brewing                                 | Petroleum & Gas             |
| SINGAPORE              | Carpets                                 |                             |
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BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 100 underwriting agency companies, whose business could have a total value of up to £100m, will be affected by Lloyd's Bill, which calls for Lloyd's brokers to sell shareholding links with the agencies.

The details emerged during the second day's hearing of the Bill before a Lords Select Committee.

Mr Peter Green, Lloyd's chairman, said that 114 managing agents, the groups which run underwriting syndicates, introducing members of Lloyd's to syndicates.

Brokers are to be allowed to continue to own members agencies, so it was difficult to arrive at a precise figure of the value of the businesses which would eventually be sold.

Lloyd's has been forced to incorporate mandatory divestment by a Commons committee which identified conflicts of interest.

Mr Green, citing examples of abuse in the relationship of a broker with controlling shareholding in an underwriting agency company, said that one recent case involved a broker dismissing the underwriter.

The broker had made no reference to the managing director of the agency about the decision.

He said there were examples of underwriters offering better terms to the broker which controlled them, offering lower rates, better discounts, and generous terms on the settlement of claims.

He dismissed arguments advanced by opponents of the legislation that the market would be damaged by divestment.

"It won't damage Lloyd's but enhance our reputation, which is already very high," he said.



# Making the right moves

- Penguin and Longman both set new records
- Financial Times returns to profit as European edition passes 34,000
- Longman enters legal publishing with Oyez
- Goldcrest builds the team to lead the British film industry
- Pearson Longman starts Goldcrest Television and takes a stake in Yorkshire TV
- Westminster Press free publications now reach 1.6 million homes
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## UK NEWS

### QUARTERLY INDUSTRIAL TRENDS SURVEY

# Executives show some confidence

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

EXECUTIVES' confidence about the future has increased somewhat although there is little evidence of recovery in demand or output during the past three months.

This is one of the principal findings of the Confederation of British Industry's latest quarterly industrial trends survey published yesterday. The survey, carried out during the first three weeks of April, covered nearly 1,700 companies, which account for nearly half of those employed in manufacturing industry and for half of UK exports.

The survey indicates that companies expect some further reduction in stocks, and they do not generally expect to take on more labour. Prospects for exports appeared muted with a marginal decline in companies' expectations compared with three months ago.

However, the food, drink and tobacco and the chemicals, coal and petroleum products sectors appear to be growing steadily more optimistic about their export prospects in contrast with those in the metal manufacturing sector during the last six months.

In spite of a general expectation that low demand will be the main limiting factor on output, companies appear slightly more optimistic about the trend of costs and prices and about the prospects for corporate liquidity.

#### OUTPUT AND ORDERS

"The results point to both demand and output having remained flat over the past four months and expectations do not suggest much change in the next four months, although a very slight rise in orders and output is possible," says the CBI. "In this most recent survey, 33 of the CBI's 4 industrial groups are more optimistic about the future compared with only 17 of the groups at the time of the last survey in January. The textiles group is the only one in which the number of companies reporting less optimism exceeds those reporting an improvement. The groups which saw brighter prospects were the chemical, coal and petroleum products, and the electrical engineering sectors. In general the smaller companies appeared more buoyant about business and about export prospects than the larger ones."

Although the balance of replies from the total sample suggested little change in order books since January, rising demand was indicated in 22 of the 44 industrial sectors. Chemicals and the paper, printing and publishing industries appeared to be doing best with the greatest decline in the food, drink and tobacco sector.

An 8 per cent balance of replies points to a limited increase in new orders during the next four months. This compares with positive balances of 2 per cent in October 1981 and of 4 per cent in January.

The CBI comments: "It would be sensible to regard this latest result as indicative of the likelihood of only a very modest pick-up in orders over the next few months. This does, nevertheless, contrast strongly with the rapid declines in orders experienced in 1980 and 1981."

A majority of 63 per cent still continued to regard total order books as being "below normal." Although the results suggest a steady strengthening of order books towards normality, this may partly reflect a changing perception of what is "normal." About three-quarters of companies have order books which represent less than four months of assured production compared with 80 per cent in January and 65 per cent in April 1979, before the start of the present recession.

#### CAPACITY WORKING

The survey suggests that there has been little change since January in the extent to which companies are operating below full capacity. A total of 77 per cent reported that they were working below a satisfactory full rate of operation. This is better than the level of under-utilisation recorded in January 1981, when 84 per cent were operating at below full capacity but it is still a historically-low figure.

The worst under-use of capacity is reported in the coal and petroleum products, the man-made fibres and the timber and wooden products sectors. Replies indicated that those experiencing a rise in the volume of production during the last four months were exactly balanced by those reporting a fall. Only 4 per cent expected a rise in output volume in the next four months.

**STOCKS**

The survey indicated that during the last four months there were continued reductions

in stocks of raw materials, brought-in supplies, finished goods and of work in progress. However, the run-down of stocks appeared to be less rapid than in the four months to January and noticeably less so than implied by the results of last year's surveys. The April survey showed that companies are expecting to continue de-stocking of raw materials and of brought-in supplies at about the same rate as was expected in January.

Destocking of finished goods and of work in progress is still expected to decline but at a slower rate than expected in January. The survey showed that just under a quarter of companies thought that stocks of finished goods were more than adequate and just under two-thirds thought them adequate.

The survey showed that there is still an overwhelming tendency amongst companies to believe that the main constraint on output during the next four months is likely to be shortage of orders or sales rather than constraints on their ability to supply customers. The proportion of companies citing lack of demand was 81 per cent, just a little below the peak of 96 per cent recorded in January 1981. An extremely small proportion of companies mentioned shortages of skilled labour, finance, capacity or supplies as being potential difficulties.

#### INVESTMENT INTENTIONS

The CBI says that the questions on companies' investment intentions confirm the view expressed in January that the volume of manufacturing investment, including leased assets, will start to rise during the course of 1982, although there is the possibility that the total volume of investment in 1982 as a whole will be 5 per cent lower than in 1981. It is now expected that there will be no change in the level of investment between the end of 1982 and the end of 1983.

#### EMPLOYMENT

The survey points to continuing widespread declines in the numbers employed, with a balance of 39 per cent of the companies surveyed expecting a reduction in the workforce during the next four months. This, combined with the expectation that output will stay at about the same level suggests that productivity will improve substantially.

#### COSTS AND PRICES

The 38 per cent balance of those expecting an increase in costs per unit of output in the next four months has fallen slightly and suggests that firms believe that the recent low rate of increase will continue.

A fifth of those companies engaged in exporting were more optimistic than they had been four months previously about their prospects for the next 12 months. This is balanced by just over a fifth who are less optimistic.

The CBI says this suggests a marginal decline in companies' confidence about export prospects after four consecutive surveys in which positive balances have been recorded.

Companies employing more than 500 people tended to be less optimistic on this score, while the smaller firms continued to show more optimism.

Questions on export orders suggested a slight weakening of demand. The CBI comments: "The expectations yielded by the surveys since July last year have pointed to hopes of a very limited recovery and so the absence of rises in export demand is rather disappointing.

The proportion of exporters which regard export order books as below normal has risen slightly to 56 per cent in January, but is still below the 62 per cent recorded in July 1981.

Replies on export prices indicate a limited rise recently, but companies appear to expect increases to be less marked during the next four months.

#### CORPORATE LIQUIDITY

The special six-monthly questions on corporate liquidity reveal some improvement over the past year. The balance of companies expecting an improvement in liquidity for the period October 1981 to October 1982 was 19 per cent, which is the largest balance recorded since this question was first asked in 1974. Moreover, past results indicate that companies tend to be pessimistic in their forecasts of liquidity by a large margin.

The CBI says the results point to a "substantial" recovery of liquidity this year. However, the survey also indicates that 12 per cent of companies still consider reductions of stocks to be necessary in response to deteriorating liquidity.

**TOTAL TRADE**  
All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last January. Number of respondents to total trade questions: 1,693.

Are you more or less optimistic than you were four months ago about the general business situation in your industry ..... 24 62 14  
More Same Less  
(18) (70) (11)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on: ..... 9 42 34 15  
Buildings ..... (10) (43) (35) (12)  
Plant and machinery ..... 29 39 31 1  
(27) (40) (32) (2)

Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation) ..... 77 22 1  
(77) (22) (1)

Excluding seasonal variations, do you consider that in volume terms:

Your present total order book is ..... 7 29 63 1  
(5) (30) (65) (—)

More than adequate Adequate adequate ..... N/A

Your present stocks of finished goods are ..... 22 63 4 11  
(21) (63) (3) (12)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Trend over past four months Expected trend over next four months  
Up Same Down N/A Up Same Down N/A

Numbers employed ..... 37 58 6 49 45  
(7) (36) (57) (—) (6) (52) (42) (—)

Volume of total new orders ..... 23 46 27 4 23 58 15 4  
(25) (44) (29) (20) (20) (63) (16) (3)

of which: Domestic orders ..... 23 47 27 2 21 63 14 2  
(23) (48) (27) (1) (16) (69) (14) (1)

Volume of output ..... 22 55 22 1 21 61 17 1  
(21) (56) (22) (1) (19) (63) (18) (1)

Volume of domestic deliveries ..... 23 48 27 2 24 58 16 2  
(20) (52) (25) (3) (19) (63) (16) (3)

Stocks of:

(a) Raw materials and brought in supplies ..... 12 58 25 4 11 66 19 4  
(11) (58) (26) (3) (10) (68) (18) (3)

(b) Work in progress... ..... 12 58 22 9 10 64 17 9  
(10) (58) (26) (7) (8) (66) (19) (7)

(c) Finished goods ..... 17 48 23 12 11 58 19 12  
(13) (49) (26) (12) (9) (57) (22) (12)

Average costs per unit of output ..... 46 45 8 1 46 47 7 1  
(48) (44) (7) (1) (58) (35) (5) (1)

Average prices at which: Domestic orders are booked ..... 38 51 10 — 36 59 4 —  
(36) (55) (7) (1) (50) (46) (3) (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1 1-3 4-6 7-9 10-12 13-18 than 18 More N/A  
18 41 13 3 3 0 0 0 19  
(20) (44) (10) (3) (1) (2) (1) (19)

What factors are likely to limit your output over the next four months:

Materials ..... Orders Skilled labour Other Plant Credit or or com- or sales labour labour capacity finance ponents Other ..... 91 2 1 3 3 2 2  
(93) (3) (0) (4) (3) (3) (2)

More than adequate Adequate adequate ..... N/A

In relation to expected demand over the next 12 months is your present fixed capacity ..... 61 37 2  
(58) (39) (3)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

To expand capacity To increase efficiency For replacement Other N/A  
10 69 52 5 10  
(12) (69) (53) (6) (10)

What factors are likely to limit your capital expenditure authorisations over the next 12 months:

Shortage of labour including ..... net Shortage inability Uncertain managerial return of external of about technical investment finance finance demand staff Other N/A  
37 31 2 11 50 1 2 11  
(39) (20) (2) (13) (52) (2) (2) (10)

EXPORT TRADE

Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: 1,240.

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago ..... 20 55 22 1  
(20) (63) (14) (3)

Excluding seasonal variations, do you consider that in volume terms:

Above normal Below normal normal ..... N/A

Your present export order book is ..... 14 29 56 1  
(5) (30) (65) (—)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Trend over past four months Expected trend over next four months  
Up Same Down N/A Up Same Down N/A

Volume of total new export orders ..... 19 52 26 4 17 67 13 4  
(24) (45) (28) (4) (19) (64) (14) (4)

Volume of export deliveries ..... 21 30 24 5 26 51 19 5  
(22) (53) (20) (5) (23) (54) (17) (5)

Average prices at which export orders are booked ..... 33 53 11 2 28 61 8 2  
(28) (59) (9) (4) (40) (51) (4) (4)

What factors are likely to limit your ability to obtain export orders over the next four months:

Delivery dates Quota and Political or Prices ..... import economic or finance restrictions abroad Other ..... 68 8 13 45 3  
(73) (6) (9) (7) (43) (4)

Excluding seasonal variations, what has been the trend over the next four months, and what are the expected trends for the next four months, with regard to:

Trend over past four months Expected trend over next four months  
Up Same Down N/A Up Same Down N/A

Value of all purchases & sales £m ..... % of total

Number of bargains ..... % of total

Average value per day £m ..... Average value per bargain £ ..... Average number of bargains per day

## APPOINTMENTS

### APPOINTMENTS

# Group treasurer for Tate & Lyle

Mr David T. Smith has been appointed group treasurer of Tate and Lyle from June 1. He succeeds Mr Gordon J. S. Tanswell who retires on May 31. Mr Smith has been with Tate and Lyle for five years as deputy financial director and group taxation manager. Before joining Tate and Lyle he was group taxation manager with Grindlays Bank.

Mr Neville R. Barkes, chairman of TSB North East, Mr Kenneth A. Millichap, chairman of TSB North West and Mr Peter J. Cook, general manager TSB Wales and Border Counties have been appointed directors of CENTRAL TRUSTEE SAVINGS BANK (CTSB). CTSB, a recognised bank under the Banking Act 1979, provides clearing and wholesale banking services on behalf of the TSB Group. Denis Eadie, former chairman of Blue Star Line, is managing director and deputy chairman of Blue Star Line.

COUNTY INSULATIONS has appointed Mr Henry Denison as financial director. He was previously a partner with Clemente Hoar Cummings.

PLESSEY ELECTRONIC SYSTEMS, defence systems equipment arm of the Plessey Company, has appointed Mr Philip Hamer as director of overseas operations. He joins Plessey from PA Management Consultants where he was a senior consultant specialising in defence electronics.

Mr Ernest Shenton has resigned as a director of DIXON'S PHOTOGRAPHIC. Mr Eddie Styring has been appointed marketing director.

Mr Dennis Webb has been promoted to finance director and company secretary of the Wolverhampton-based CHARLES CLARK MOTOR GROUP after eight years as group chief accountant.

Mr Philip Hirth has been appointed company secretary of SAWARD BAKER AND CO.

Mr Roy Haines has been appointed to the new position of deputy treasurer of NATIONAL WESTMINSTER BANK'S international banking division. He was a senior executive within the treasurer's department.

UK PETROLEUM INDUSTRY ASSOCIATION has re-elected Mr S. D. Watkins (Shell) as its president. Mr I. R. Walker (BP) and Mr J. C. Lowell (Mobil) are vice-presidents and Mr P. J. M. Wilson (Chevron) is treasurer. All are managing directors of their respective companies.

Mr J. Campbell, general manager, Norwich Union Fire Insurance Society, has been appointed chairman of the FIRE PROTECTION ASSOCIATION. Mr V. C. Bryan, general manager (UK division) Commercial Union Assurance, has become deputy chairman.

Mr R. R. Pulman, a director of Unigate, has formed a European organisation. Mr Robert McMurray has been named deputy chief executive. Based in London, Mr McMurray will direct European sector activities including machine tools and plastics machinery operations. Mr Robert Trojan will become chief executive of the John Brown machine tool division consisting of Wickman Automatic Lathes, Webster and Bennett and Wickman Automated Assembly. Mr Michael Wicken will be the chief executive of the plastics machinery division, Europe, which will include Bone Cravens, Daniels Engineering and Tooling Products, all in the UK. He will also be responsible for Negri Bossi in Milan.

REED GROUP, the paper and packaging division of Reed International, has appointed Mr Dennis Sutherland finance director in succession to Mr Joe Lewis who has retired. Mr Sutherland was finance and commercial director of Spicers for five years until 1980 when he was appointed director of planning, Reed Group and chairman of Aylesford Systems and Computer Equipment.

Mr Sidney Leader Cramer retires as a director of AUSTIN RE

## TECHNOLOGY

EDITED BY ALAN CANE

**NatWest first with 'electronic bank managers'**

BY ALAN CANE

A BANKING revolution has been taking place quietly behind the unlikely doors of National Westminster's Surbiton branch.

In the past year, Mr David Reygate, the manager, has been involved in an experiment which qualifies him to call himself the UK's "first electronic branch manager".

Now, NatWest seems so pleased with the results of its trial that it is extending the scheme, at a cost of more than £3m, to a further 51 branches.

The experiment is office automation applied to the banking world.

Banks are, of course, already very advanced in the use of back office technology—automated cheque clearance, computerised customer accounting software packages for foreign exchange dealing.

**Credit limits**

They are making dramatic strides in the use of front office equipment—sophisticated automated teller machines, counter-terminals which relieve the cashier of much of the hard work of recording transactions.

Surbiton has one processor and a number of terminals distributed through the office.

and checking credit limits.

The Surbiton experiment was designed for a different purpose: to get rid of much of the administrative paper in the branch.

More specifically, the trial was designed to eliminate customer records on paper.

So Surbiton branch customers seeking an overdraft from Mr Reygate find their ordeal does not quite follow the traditional pattern.

The bulky, usually dog-eared, file containing the notes of all the bank's dealings with that customer is conspicuously absent from Mr Reygate's desk.

Instead, he has a low, neat keyboard in front of him and he frequently consults a large visual display unit set at his right elbow.

The screen and the keyboard are part of what NatWest calls its "branch processor". It is actually an IBM 8100 system, the computer IBM is offering as the mainstay of its automated office programme (see this page December 22, last year).

Mr Reygate points out: "As well as general customer details my staff and I can find out full information on a customer's account without having to move away from our desks. This results in customer inquiries being handled in a fraction of the time they used to take."

**No hardship**

Staff at Surbiton seemed to like the system. Each customer's details have to be entered in a

precise and compact manner—there are obviously restrictions on space in a computer file that do not exist in the paper equivalent.

But Mr Reygate's staff think that the discipline of compressing the information is no hardship.

There are other advantages: files cannot get lost or mislaid—the master copy resides in the branch processor's memory. Updating and annotating is a simple matter compared with the dubious efficiency of hand-writing notes on a Cardex file.

So Mr Reygate and his staff are happy. What about his customers?

**Not surprised**

"Many of the companies in this area are involved in the electronics or computer business," he points out, "they see nothing surprising about it at all."

And NatWest is happy. It intends to install 51 branch processors serving 51 branches in the Epsom area.

Mr Brian Keyte, senior executive for planning and development, said this week:

"We believe in the concept of



Mr David Reygate—no longer needs the customer's dog-eared file

**Robot for the price of a family saloon**

SPERRY VICKERS AUTOMATION AND PNEUMATICS at Telford, Shropshire, needed a "pick and place robot" for its valve production plant. It was quoted £70,000. So, using, as it says, "its own automation and pneumatics expertise," the company designed its own robot.

The result, a robot which it intends to manufacture for other interested users. It uses existing Sperry components and will, says the company, sell, depending on the options required, for about the price of a typical family saloon car.

Sperry claims that by using its own electronic logic control, cylinders and actuators to meet a wide range of production loading and transfer requirements it can produce robots at a fraction of the cost of comparable

equipment and transform the market for industrial robots, particularly for the smaller manufacturer.

**Opportunities**

The company plans to be manufacturing a range of robots at Telford by next year.

Mr Arthur Spencer, Special Projects Manager, said of the new robot: "A low cost automatic 'pick and place' unit presents enormous opportunities to industry. It will enable smaller manufacturers to become more competitive by achieving levels of productivity usually confined to companies capable of considerable capital investments."

The standard robot for the company's own use can be programmed to perform a wide

range of "pick and place" functions using both vertical and horizontal movement at up to five stations on a 240 degree arc.

The capability, it is claimed, makes it particularly suitable for special purpose machine loading and automated assembly operations.

**As**

As an initial tough test Sperry is using the robot for field tests on a demanding purpose built valve machining centre where its multi-station capability will be fully extended.

The robot has been constructed in modular form for ease of installation and maintenance with a stand alone console.

The linear module has a variable stroke of 0 to 12 ins. This is pneumatically operated and hydraulically damped with fine adjustment by dead stops with

built in proximity switches. A variety of gripping attachments together with a rotary arm will be available.

The lift module works on the same principle with a 0-3 ins vertical stroke as standard.

**Actuators**

The indexing module offers maximum rotation of 240 degrees with up to five stations set at 60 degrees spacing. These are standard but actuators can be fitted with or without uplift/extending arm/indexing facilities as required.

Small manufacturers might like to forego this year's new family saloon and buy a robot instead. Phone Mr J. Minchell at Sperry (0852 586000).

**MAX COMMANDER**

**Texas aims for new standards**

LATER THIS year Texas Instruments will be entering the relatively new field of the industrial LAN (local area network) and appears to be aiming at establishing new standards for the factory based on X25, the CCITT West European standard for user-to-network

standards in packet data transmission.

According to Mr P. Emerson, TI's European marketing manager for industrial controls, there is no guarantee that current or proposed local area networks, aimed almost entirely at the office environment, will meet factory automation needs or survive the industrial environment.

There is a more crucial need in factory systems to transfer data quickly and the hardware

needs to be more robust and resistant to noise.

**The**

announcements

is accom-

panied

by the release

of two

new

programmable

controllers,

the models 520 and 530, differ-

ing mainly in terms of input/output capacity and memory size. The model 530 has some 7,000 words of efficient user memory, 1,023 input/output points and can accommodate over 30 high-level instructions.

But TI's networking plan is

likely

to attract

most

attention.

It is a peer-to-peer, but nevertheless is being planned as an "open" network. Thus, any kind of device can talk to any other, and the devices will not have to be of TI origin.

In addition, there will be

interfaces

to major computers

to provide

for factory-wide

management

information

systems—the computer simply becomes another node on the network, with access to all the programmable controller and other devices.

The data rate on Tiw 2 will be 1mbit/second, over coaxial cable, and there will be high integrity says TI, with no more than one undetected message error in 100 years.

From its semiconductor

operations, TI plans to produce

high performance chips and

small interface modules to sup-

port the network. These will

allow universal interconnection to the data highway.

Mr Emerson says: "We expect

to complete our detail design of

Tiw 2 later this year."

**GEOFFREY CHARLISH**

**Only the Forbes 500 makes real sense these days.**

America has two magazines that rank its top 500 businesses—Forbes and Fortune.

Both magazines rank the top American companies by sales. But Fortune only lists the sales of *industrial* companies. That means if you need to know where companies in banking, insurance, utilities, retailing, transportation, diversified financial and services stand, don't look in the Fortune 500. Look in the Forbes 500, because Forbes includes *all* publicly-owned companies, not just *industrials*.

AT&T, for example, ranking 4th in the Forbes 500, doesn't even appear in the Fortune 500. Neither do Sears, Citicorp, Aetna Life, American Express, CBS and 215 other major corporations. With all those mergers and acquisitions between industrial and non-industrial companies these days, only the Forbes 500 makes real sense.

So which list gives you America's largest companies? The 500th company on the Fortune list had sales of less than \$455 million. The 500th company on the Forbes list had sales of over a billion dollars.

The Forbes 500 also ranks the top 500 companies in assets, market value and profits, by devoting separate lists to these important areas. Whereas in the Fortune 500, this information is provided only for the top 500 *industrials*.

And on top of this, Forbes combines these four 500 lists and makes one big list. A total of 798 companies qualified for one or more of them. So you see, not only does the Forbes 500 give more valuable information than the Fortune 500, it gives it to you far more sensibly.

This fact has not gone unappreciated. As proven by independent studies done by Erdos and Morgan, Inc. over the years, Forbes is the magazine read regularly by more corporate officers in America's largest companies than any other major business or news magazine. No wonder that in 1981, only seven magazines—all *weeklies*—carried more advertising pages than Forbes.

So if you want your advertising read by the top people in the Forbes 500 companies, it makes sense to place it in the magazine more of the leaders in American business depend on.

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**Robotic machines**

DAINICHI-SYKES Robotics which was formed last year in Bamber Bridge, Preston, as the result of an agreement between the British owned Skyes Group and Dainichi Kiko of Japan, a robot specialist, will be marketing two new machines in Europe from this week.

The smaller of the two is the PT300, a DC servo-driven articulated arm with a wide operating envelope and a lifting capacity of 5 kg. It will be supplied in two forms, a basically horizontal plane configuration suitable for component handling and assembly and a vertical plane version that gives added flexibility for arc welding, machine tool loading and other general purpose tasks.

PT800 is somewhat larger, has a vertical configuration and can lift up to 25 kg.

Together with its existing products, the company claims that it can now offer the widest variety of robot systems of any manufacturer. More on 0772 322444.

**SuperBrain now available**

NOW AVAILABLE from Cambridge Micro Consultants is a version of the SuperBrain microcomputer with a built-in S-100 interface.

This interface allows a normally business oriented computer to communicate with the outside world via analogue/digital input and output devices.

The company says that this opens up applications for the computer in scientific, engineering and education. More information on 0223 314666.

**IMPORTANT NOTICE TO FRANCANA SHAREHOLDERS**

**SCEPTRE  
RESOURCES LIMITED**

**Reorganization and Arrangement Agreement**

Proxies in favour of certain matters that will be brought before a Special Meeting of the Shareholders of Francana on May 14, 1982 are being solicited by the management of Francana. The matters involved include a resolution to approve an Exchange Agreement whereby Francana will exchange its non-Canadian assets for shares of Francana now held by Hudson Bay Mining and Smelting Co., Limited and Minorco Canada Limited and the assumption by them of certain of Francana's indebtedness. Also included is a resolution to approve an Arrangement Agreement between Francana and Sceptre whereby Francana's public shareholders will exchange their shares of Francana for common shares of Sceptre on the following basis:

2.15 common shares of Sceptre Resources Limited  
for each common share of Francana Oil & Gas Ltd.

We recommend that shareholders of Francana vote in favour of the Exchange and Arrangement Agreements.

The undersigned are acting as Soliciting Dealer Managers to solicit proxies from shareholders of Francana located in Canada and as such will be paid a fee. In addition any investment dealer or broker may be paid a commission in respect of shares voting in favour of the Reorganization.

Proxies must be deposited not later than May 13, 1982. Copies of the Proxy Statement and Information Circular which provides details of the Reorganization and the Proxy Form, may be obtained from The Royal Trust Company, your own investment dealer or broker, or the undersigned.

McLeod Young Web Limited Bums Fry Limited Pitfield Mackay Ross Limited

For further information, please contact Peter M. Schoff, Director of International Advertising, Forbes Magazine, 50 Pall Mall, London SW1Y 5QZ, England, Tel. (01) 830 5244.

# Accountancy Appointments

## Financial Director

London

£20,000 + participation

For the headquarters of a £70m group which is a leader in its field of raw material and chemical merchanting.

In addition to the financial management of UK operations you will have functional responsibility for the accounting of a number of associated companies overseas. An early priority will be the management of a new phase of computerised accounting and information systems.

You will be a qualified accountant ideally with experience of foreign exchange and systems development. You will have the opportunity to make a substantial contribution to the commercial direction of the business, and to participate in equity.

Write in confidence to E. H. Simpson, quoting ref. SO52, at 10 Bolt Court, London EC4 (telephone 01-583 3911).

**Chetwynd  
Streets**

Management Selection Limited

## Senior Financial Analyst

c. £10,000 + Substantial Benefits  
Brighton



Assisting the management of the Travelers Cheque Division you will be responsible for producing financial information, analyses and costings including developing systems and techniques to aid cost control and the identification of profitable sales expansion opportunities. Qualifications will be in one of the recognised Accountancy bodies and/or a degree in business studies. Previous experience will encompass 2 or 3 years involvement in management reporting, developing financial models and computerised accounting systems. The excellent benefits package includes mortgage subsidy, non-contributory pension and medical schemes. Please apply for further details and an application form to David Miller, Personnel Manager, American Express Travelers Cheque Division, Amex House, Edward Street, Brighton or telephone Brighton 693555 extension 5872.

## Hoggett Bowers

Executive Selection Consultants

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## Management Auditor

London, c. £12,500 (with early review)  
Excellent opportunities for North America.

Due to the promotion of candidates offered positions with our client last year, we are now seeking further applications for the above position. This North American group with a turnover of \$4½ billion per annum is a world leader in transportation and ancillary services. Their management auditors investigate the operations of group subsidiaries world-wide and recommend corrective action. Good performance is rewarded by speedy promotion, normally into a responsible line appointment, either in finance or general management, with the possibility of North American transfer. An accounting qualification and/or M.B.A. are essential together with the ability to perform unsupervised on solo projects. Special consideration will be given to candidates with shipping or transportation experience. Fringe benefits are comprehensive.

E.H. Kirkham, Ref: 15044/FT. Male or female candidates should telephone in confidence for a Personal History Form 01-734 6852, Sutherland House, 5/6 Argyll Street, LONDON, W1E 6EZ.

## Systems Accountant

London

c. £11,000 p.a.

Cable and Wireless UK Services Limited is the UK trading subsidiary of the internationally renowned Cable & Wireless Group, and specialises in the Sales and Maintenance of telecommunications and mini-computer systems. We now require an Accountant to further develop our existing computer systems, involving the design and implementation of the Management Information Reports necessary to control the Company's planned rapid expansion over the next three years. As the systems role develops the successful candidate will assume the duties of Financial Accountant, with line management responsibility for our growing programming staff. Applicants should be newly qualified having gained practical experience of computerised system applications, preferably in a mini-computer environment, and will be used to interpreting and defining user requirements. Some programming experience is essential and a working knowledge of COBOL would be advantageous. Our Company has a commitment to personal development and training as well as offering those benefits associated with a large organisation. Please write or telephone to Susan Derby, Cable & Wireless UK Services Ltd., 83 Blackfriars Road, London SE1 8HQ. Tel. 01-633 9522.

**Cable & Wireless  
UK Services Ltd**

## BRIDGEWATER GROUP

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£16,000 — £18,000  
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Bridgewater Windscreens, one of the largest private windscreen replacement companies in the United Kingdom, is rapidly expanding towards national coverage. Its sister company, Bridgewater Glass, is the local market leader in contract glazing and the retail distribution of glass and related products.

The successful candidate is likely to be a graduate qualified accountant between 35 and 40 years of age with several years' experience in a senior position in a fast-moving service industry. The position also demands a personality and presence which will attract both the respect and liking of colleagues and staff.

Please write to:

P. J. Bridgewater, Esq.  
The Chairman,  
BRIDGEWATER GROUP  
44-56 Vicarage Road,  
Watford,  
WD1 5EN.

## Systems Accountant/ Auditor

Church Commissioners

London SW1  
£15,000+benefits

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APPOINTMENTS  
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Thursday  
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The work will be a real challenge. It combines responsibility for major systems development, and setting up and managing an internal audit team. As a senior member of a tightly-knit management, there will also be interesting involvement in finance and administration. The position is new, reflecting the importance attached to enhancing financial controls and achieving improved efficiency and effectiveness.

The Commissioners hold assets worth £1,200 million, generating an annual income of some £60 million which is applied mainly to the direct support of about 20,000 active and retired clergy of the Church of England and their widows. The investments are professionally and commercially managed and extensive use is made of an ICL 2946.

Candidates must be qualified accountants, preferably Chartered and in their early thirties, and with sound

experience of developing systems in a computerised environment. A period in industry or commerce would be particularly useful. Personal qualities sought include determination and the ability to communicate fluently. Benefits include a non-contributory pension scheme, and conditions of service are closely related to those of the Civil Service.

Please write to Geoffrey Thiel, Advisor to the Church Commissioners, giving details of career and salary progression, age and qualifications, and quoting reference 1068 FT on both envelope and letter.

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Management Consultants

128 Queen Victoria Street, London EC4P 4JX

## Management Accountant

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Reporting to the Chief Management Accountant, your prime responsibility will be to manage the Fixed Assets and Budgetary Control functions — producing reports which provide timely and accurate management information. As we are acknowledged to be at the forefront of thinking on Current Cost Accounting, your role will be vital, with a high degree of responsibility.

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We design and manufacture civil and military aircraft, guided weapons and space systems; employ over 79,000 people at 21 sites in the United Kingdom; successfully operate in an intensely competitive international market; and have a turnover of more than £1½ billion.

The two opportunities are in the small, professional, financial team in Company Headquarters at Weybridge. Those appointed will be expected to contribute successfully for two to three years and then merit career advancement. Salaries and benefits are competitive.

The Treasury Accountant will assume responsibility in the Company Treasurer's department for the major recording and reporting of the very substantial money transactions with the major banks and other financial institutions, implemented through this central department on behalf of all British Aerospace units, and will also assist in the computerisation of the above activities.

The Financial Accountant, based in the Company Financial Controller's department, will be expected to assist with financial and management accounting and reporting, forecasting, financial modelling and project assessment involving EDP systems.

We expect to appoint two recently qualified A.C.A.'s — say 25 to 28. They will be numerate and able to express themselves clearly, confident of their ability and motivation to respond to demanding pressures and to succeed in industry.

Please write with a CV or a brief summary of age, qualifications, employment and salary and specifying which vacancy.

I.P. Rhodes,  
Corporate Adviser — Personnel,  
British Aerospace Headquarters,  
Brooklands Road, Weybridge,  
Surrey KT13 0SJ.

BRITISH AEROSPACE  
Headquarters

## Finance Director

Northern England  
From £20,000 p.a. + Equity

Our client is an extremely successful private company in packaging and plastics. Its recently restructured Board, which is determined to accelerate profit growth by market expansion and acquisition, now seeks a Financial colleague. The prime task will be to guide an enthusiastic enterprise by sound professional and imaginative advice. He or she will be supported by a highly competent established accountancy team.

Candidates (30's/early 40's) will be qualified (probably FCA) with industrial experience at senior level. Salary is not a limiting factor and a share of equity awaits evidence of personal commitment.

ERP

Suitably qualified men and women, please apply for an application form, quoting reference C.285/FT to  
E.R.P. Recruitment Ltd, Clementine House, St. Werburgh Street,  
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## Creative Accounting

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An established British group with home and overseas interests seeks a young qualified accountant (preferably a graduate) to join its small central team responsible for interpreting group information and advising on all financial aspects of its operations.

This is an exceptional opportunity to gain varied experience in such fields as acquisition appraisal, profitability studies, efficiency reviews, and special reports for board presentation — all for specific purposes with a minimum of routine.

Excellent promotion opportunities will arise through working closely with senior management of all disciplines, both at holding company and subsidiary level.

Contact David Tod, BSc, FCA on 01-405 3499  
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## Lloyd Management

Recruitment Consultants

125 High Holborn London WC1V 6QA

01-405 3499

## CHIEF ACCOUNTANT

South Manchester

We are the U.K. subsidiary of a West German based international chemical group and wish to appoint a new Chief Accountant based at our headquarters at Cheadle Hulme.

The position carries responsibility for the finance and accounting functions of the Company with the assistance of 4 Managers and their staff, and offers opportunities for further career development within the group.

Candidates, male or female, should be Fellows of the Institute of Chartered Accountants, experienced in company financial and banking techniques, who have held a similar position in a large international company working within the disciplines of group reporting. In view of the cooperation with the parent Company, fluency in the German language is essential. Probable age range 35-40.

Salary is negotiable and benefits include a company car, contributory pension scheme, BUPA membership and the working conditions associated with an international chemical company.

Please forward c.v. giving complete educational and career record and details of current earnings to:  
The Personnel Department: BASF United Kingdom Limited,  
P.O. Box 4, Earl Road, Cheadle Hulme, Cheshire SK8 6QG.  
Tel: 061-485 6222.

BASF

## Financial Controller PING

£19,000 + car, etc. N. Home Counties

Our client is a major well-known UK Company with a number of large manufacturing sites in this country.

An ambitious and successful qualified accountant, male or female, is sought at Group HQ to control and co-ordinate its financial activities.

Aged under 40, candidates will have experience of working for a large manufacturing company, and have some knowledge of Government Accounting procedures.

Conditions and prospects are excellent.

Those meeting these specific requirements should write to M. J. P. Ping, quoting reference P1416, or ring Higson Ping Limited and ask for a personal interview.

Higson Ping Ltd./Executive Recruitment Consultants  
110 Jermyn Street, London SW1Y 6HB.  
Telephone: 01-930 4196 (24 hour answering service).

HIGSON  
PING

# Accountancy Appointments

## PORT OF TYNE AUTHORITY

### APPOINTMENT OF DIRECTOR OF FINANCE

The Port of Tyne Authority invite applications for the post of Director of Finance which will become vacant on the retirement of the present holder of the position.

Professionally qualified candidates, preferably in the 35/45 age group, should have experience at senior level of financial control in a large organisation and if without a specific port background, should have experience at or immediately below board level in the financial function of a commercial or industrial organisation.

The duties of the Director of Finance include: the operation of an effective system of control over the Authority's financial affairs; the provision of financial management, information, budgetary control; cash flow projections; taxation and superannuation scheme administration. He/she is a member of the Authority's senior management team and reports directly to the Managing Director.

The salary for the position will be in the region of £16,000 per annum with other benefits. The person appointed will be required to become a member and be subject to the provisions of the Authority's superannuation scheme and provide satisfactory medical evidence prior to entry. Canvassing either directly or indirectly will result in disqualification of application.

Applications should be received before 21st May, 1982 and be accompanied by two recent testimonials and addressed, in an envelope marked "confidential", to:

Managing Director  
PORT OF TYNE AUTHORITY  
Bewick Street,  
Newcastle upon Tyne NE1 5HS

## Management Accountant

Surrey/Sussex border £10,500

Our client is one of the market leaders in providing a complete systems approach to the communications and graphic arts industry. You will be responsible for controlling the accounts systems, accurate and prompt reporting of management information and have the ability to motivate a small accounts department. Experience in a marketing and production environment would be an advantage. The usual large company benefits apply.

Write with full c.v. quoting ref. C41/FT to J.W.T. Recruitment

40 Berkeley Square, London W1X 6AD

## Financial Controller

Reading

c.£17,000 + car

Security Pacific Trust, a wholly owned subsidiary of Security Pacific Corporation, is currently engaged in an active period of aggressive growth and development. We are seeking a fully qualified Accountant to take charge of our computerised accounting function.

Range of duties will include overall responsibility in the following areas:

- Preparation of monthly accounts
- Profit forecasting
- Liabilities management
- Tax planning
- Preparation of statutory accounts

The ideal candidate will be forward thinking and will have experience of Finance House operations or experience in a similar environment. He/she must be able to contribute fully to the management team and be capable of motivating and managing personnel in the accounts division.

A substantial salary, together with subsidised mortgage, a Rover car and all other benefits associated with a position of this importance in an international financial service industry will be offered to the successful applicant.

Please reply in strictest confidence giving full details of your experience and qualifications to the address below.

Mr. Philip E. Hold, President and Managing Director,  
Security Pacific Trust Limited,

Security Pacific House, 303-314 Kings Road, Reading, Berks. RG1 4PA.



**Security Pacific**

### FULLY QUALIFIED ACCOUNTANT

required by company established for more than 100 years successfully exporting millions of pounds of equipment through its offices in many parts of Latin America and Western Europe, to take over the running of the bookkeeping within the UK. The bookkeeping in the foreign branches is handled on a day-to-day basis in the countries concerned. Basic starting salary: £10,000 per annum. The company supplies other emoluments such as luncheon vouchers at 75p per day, bonuses and season ticket loan, etc.

Reply with s.v. to:  
Box A7853, Financial Times  
10 Cannon Street, London EC4P 4BY

### PROJECT MANAGER FINANCE

£13,500 + CAR

A qualified accountant is required to assist in the development and financial control of special projects and acquisition for a West Midlands based group of companies.

The person concerned must have at least 3 years' post qualification experience with a medium-large firm of accountants. Exposure to and an understanding of the detailed reporting requirements and financial controls of large industrial concerns, together with knowledge of the operation and development of computer based financial and business systems, will be an advantage.

Apply with full details to:  
L. I. Jebson, Esq.  
Finance Director  
CENTREWAY INDUSTRIES  
1 Waterloo Street, Birmingham B2 3PG



## Chartered Accountant-European role

5-figure salary Based Reading

to join the Overseas Division of Metal Box, Europe's largest packaging manufacturer producing a wide range of metal, plastic, paper and board containers.

As a member of the Divisional Finance Director's staff, prime responsibility will be for accountancy and financial services relating to the Division's investments within Western Europe.

Major duties will cover assessing and reporting on each country's monthly, semi-annual and annual accounts, forecasts and plans, capital expenditure; preparing consolidated accounts; ensuring financial controls and standards are maintained; and carrying out ad hoc studies for new prospects/acquisitions. European travel will be involved.

Candidates should be chartered accountants with at least 3-5 years' industrial experience, ideally gained within an international organisation. A good working knowledge of French and Spanish or Italian is essential. Knowledge of European accounting systems, corporate tax and exchange controls would be an advantage. Career prospects are excellent and group-wide.

## Metal Box

Please write with detailed c.v., or telephone for an application form, to: R. B. L. Tasker, Overseas Division Staff Officer, Metal Box plc, Queens House, Forbury Road, Reading RG1 3JH. Tel: Reading (0734) 581177.

# International Appointments

We are a dynamic, successful new business ready to establish a European distributor network to aggressively market computer peripherals and microcomputers whose capabilities are unequalled in the marketplace. To accomplish this, we are seeking an expert marketer with sharp management skills in computer and related products to set up a European network in all major markets.

The individual will organize a team of five to seven professionals with a variety of expertise in hardware, software, field service, computer peripherals, and business applications. Key to qualifying for this position is 10 years hands-on experience in major European markets in computer peripherals through distributor and dealer networks.

### INTERNATIONAL VICE PRESIDENT OF MARKETING

The individual we seek must have built a staff and set up dealer networks from inception to completion, with heavy responsibility for establishing marketing policies on pricing and selling strategies. Fluency in English required. Knowledge of another European language essential.

The headquarters office for this individual is a European city yet to be determined. A tailor-made compensation plan will be developed for the right individual. Filling this position is immediate and imperative. Therefore, our response to qualified individuals will be short term. Send your resume in confidence to: Box A7850, Financial Times, 10 Cannon Street, London EC4P 4BY.

Email Opportunity Employer M/F

### ACCOUNTANTS

An international company requires qualified Accountants for the following vacancies:

- a) based in Jeddah, a background in retail trading is required. Salary up to £17,500 tax free + benefits.
- b) Monte Carlo based, shipping experience desirable. Salary c. £13,500 tax free + benefits.

Please send c.v. to

**IMS Ltd.**  
121 High Street, Oxford OX1 4DD

### EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

### INTERNATIONAL APPOINTMENTS

APPEAR EVERY THURSDAY  
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## International Banking

The International Division of this specialist Bank Recruitment Consultancy carries a wide ranging portfolio of assignments including the following:

## FRANKFURT

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FINANCIAL CONTROLLER .... DM 90,000  
FX DEALER ..... DM 60-100,000 neg.  
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LEASING EXECUTIVE ... DM 80-90,000 neg.

COUNTRY MANAGER ..... neg.  
SENIOR MARKETING OFFICER .... DM 70-90,000 neg.  
EXPORT FINANCE EXECUTIVE .... DM 80-100,000 neg.  
CORPORATE FINANCE EXECUTIVE . DM 50,80,000 neg.  
DEPUTY HEAD OF CREDIT ..... DM 65-67,000 neg.

**Jonathan Wren**  
Banking Appointments

If you are interested in these or other opportunities please write in confidence enclosing a detailed curriculum vitae to Roy Webb, Jonathan Wren & Co. Limited, International Division, 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. No identities divulged without permission.

## Finance Director Singapore

The General Electric Company of Singapore Ltd invites applications for the position of Finance Director. The company trades in electrical, mechanical and electronic products and is also in specialised electrical contracting.

Candidates must be qualified accountants in the age range 32-40 and have the ability both to maintain tight financial control and contribute to the profitable running of the business. Experience in implementing computer systems is desirable. Previous employment overseas or in a trading environment would be an advantage, but is not essential.

Please apply in confidence to: D. B. Birmingham, Financial Controller, Overseas Operations, The General Electric Company plc, 1 Stanhope Gate, London W1A 1EH.



## International Internal Auditor (m/f)

to be based in Brussels.

The successful candidate will join a team whose function is to perform financial and operational reviews to assure corporate management that subsidiaries are operating with adequate internal controls and in accordance with corporate policies.



Approximately 50% of time is spent away from base, primarily in capital cities of Europe.

Candidates should have a University degree, three years' experience in auditing or accountancy and a recognized accounting qualification. It is preferred that they be fluent in at least one other European language besides English. We are seeking highly motivated people who exhibit management potential. The position offers an attractive salary and fringe benefits, and a real opportunity to assume a financial position in one of the company's world-wide locations.

Please reply in confidence with detailed curriculum vitae and professional background to F. Vandewalle, Personnel Department, MERCK SHARP & DOHME, chaussée de Waterloo 1135, 1180 Brussels, (preliminary interviews will be conducted in London).

## F/X DEALERS

Frankfurt

Rotterdam

Major International Bank

Our Client is a prominent international bank with significant operations in all the major financial centres throughout the world. Current plans call for the further development of its dealing teams in Frankfurt by the recruitment of a No. 2 exchange trader, preferably late 20's, and in Rotterdam by attracting a younger dealer probably with 2 years experience in a major international bank.

Both positions offer significant opportunities for personal development with a highly professional organisation, and the salary and benefits for each will amply reflect the calibre and performance required by the bank.

Contact Norman Philpot in confidence  
on 01-248 3812

## NPA International Recruitment

60 Cheapside, London EC2 - Telephone 01-248 3812/3/4/5

## JOBS COLUMN

## Sign of turn in higher-grade unemployment

BY MICHAEL DIXON

YES it really is true. I could hardly believe it myself at first, because ever since I began tracking unemployment among British managers and specialists two years ago, each successive check has shown a further increase. But the April figures just received from the Government-sponsored Professional and Executive Recruitment agency reveal that the number of experienced, higher-grade staff without jobs has fallen by 1 per cent since my last count in February.

The totals are given in the bottom line of the accompanying table. It also provides a warning against reading too much into the favourable recent turn of events, by showing that the total last month was nevertheless nearly 26 per cent higher than it was in April 1981. But even that is relatively mild by comparison with the 17 per cent increase between the Aprils of 1980 and last year.

Despite the overall drop, unemployment has continued to rise in half of the particular categories of job covered by the table. These are confined to the categories in which at least 1,000 experienced staff are registered as jobless.

When this column's last check was printed on February 25,

|  | Number registered unemployed<br>April | Change<br>% | Number on register<br>April 1981 | Change<br>% |
|--|---------------------------------------|-------------|----------------------------------|-------------|
| Teachers   | 20,989                                | -2.339      | -6.0                             | +35.9       |
| Draughtsmen                                      | 3,630                                 | -3,857      | -5.9                             | +9.0        |
| Personnel staff                                  | 2,431                                 | -2,522      | -3.6                             | +19.8       |
| O&M staff and statisticians                      | 1,872                                 | -1,939      | -3.5                             | +16.9       |
| Engineers and technologists                      | 9,127                                 | -9,324      | -2.1                             | +24.4       |
| Chemists, physicists                             | 2,087                                 | -2,127      | -1.9                             | +32.3       |
| Technical and scientific support staff           | 8,394                                 | -8,526      | -1.7                             | +24.9       |
| Estate agents, etc.                              | 2,549                                 | -2,592      | -1.7                             | +35.5       |
| Social and health staff                          | 5,302                                 | -5,668      | -1.1                             | +44.8       |
| Accountants                                      | 4,467                                 | -4,477      | -0.2                             | +24.9       |
| Production managers                              | 6,545                                 | -6,542      | -0.1                             | +16.0       |
| General managers                                 | 2,864                                 | -2,861      | +0.1                             | +9.7        |
| Administration and other non-production managers | 26,822                                | -26,737     | +0.3                             | +24.3       |
| Town planners and architects                     | 1,028                                 | -1,023      | +0.5                             | +35.4       |
| Purchasing staff                                 | 2,588                                 | -2,572      | +0.6                             | +17.2       |
| Sales and marketing staff                        | 17,500                                | -17,384     | +0.7                             | +16.3       |
| Data-processing staff                            | 3,638                                 | -3,583      | +1.5                             | +42.6       |
| Estimators, etc.                                 | 1,758                                 | -1,710      | +2.8                             | +30.7       |
| Library, art gallery staff, etc.                 | 6,453                                 | -6,232      | +3.5                             | +29.2       |
| Aircraft and ships' officers                     | 1,490                                 | -1,206      | +23.5                            | +68.4       |
| All higher-grade unemployed                      | 136,017                               | -137,444    | -1.0                             | +25.6       |

there were 21 job categories in the table. Now there are only 20. That is because the number of unemployed biologists fell by 2.4 per cent to only 993.

Among the other categories with between 500 and 1,000 out of work, surveying showed a fall of 0.9 per cent to 759 and company secretaries one of 0.8 per cent to 529. But other legal services staff just missed qualifying for inclusion in the table by registering a 2.5 per cent rise to 997.

## After sales

RECRUITER John McLaughlin of Larkfield Personnel Selection seeks a client services manager to cover Europe for a United States group with a \$450m turnover in hardware and software for computer-aided design and manufacturing (alias CAD/CAM). He may not name the company and so, like the other consultants to be mentioned later, will abide by any appli-

cant's request not to be identified to the employer without further notice.

Expansion in Europe figures greatly in the U.S. group's plan to increase its turnover in computer technology to \$1bn by 1985. And the new manager, who will be based in "southern England" and report to the director of client services in the States, will be responsible for setting up and running a comprehensive after-sales service on this side of the Atlantic.

The salary indicator is £18,000-£25,000, but I gather that the recruit would be expected to earn bonuses bringing the total up to about £40,000. The base is London.

Candidates need to be abreast of latest developments in computer technology, and to have shown over at least three years ability to manage a buyer-servicing operation, preferably in CAD/CAM and including specialists both in hardware and in software. Experience in dealing with other European countries is also wanted.

The salary indicator is £18,000. Other benefits negotiable.

Inquiries to Mr McLaughlin at 55a Northbrook Street, Newbury, Berkshire RG13 1AN. Telephone 0335 45709.

## Rare seller

FOR MONTHS, apparently, consultant James De Suij of IPP Markeforce, has been trying to find someone capable of earning within a year the sales and marketing directorship of a British group's subsidiary specialising in computer systems for banks. But nobody he has yet seen matches the company's requirement for a combination of high-level contact in banks, in the City and overseas, knowledge of their needs of communication systems, plus success in sales and marketing in the computer field.

The salary indicator is £18,000-£25,000, but I gather that the recruit would be expected to earn bonuses bringing the total up to about £40,000. The base is London.

Inquiries to Mr McLaughlin at 55a Northbrook Street, Newbury, Berkshire RG13 1AN. Telephone 0335 45709.

Salary at least £20,000, usual banking perks.

Inquiries to Mr Anderson, Souires, Regina House, 15 Queen St., London EC4N 1FF; tel. 01-243 7421.

## Financial controller

West Yorkshire, £14,000+car



For the major division of a privately-owned group in the leisure industry. As a key member of the divisional executive team, your immediate tasks would be to develop approved management information and financial control systems to advise and assist operations management in a rapidly changing commercial environment.

Career opportunities exist in general management as well as in the finance function.

Qualified and preferably with a degree, you should be in your early 30's and able to demonstrate a successful management accounting career either in a fast-moving service industry or in the retail sector.

Resumes including a daytime telephone number to V.L. Luck, Executive Selection Division, quoting Ref. L206.

Coopers & Lybrand Associates

Coopers & Lybrand Associates Limited  
management consultants

Scottish Mutual House  
Park Row, Leeds LS1 5JG

Human Resources Consultants  
Up to £18,000

Price Waterhouse Associates wish to recruit ambitious Human Resources Consultants for the London office of their international management consulting practice in the following two areas:

## Executive Selection

Experienced professionals to assist clients in identifying, evaluating and selecting candidates for managerial and executive positions especially in the fields of general management, finance, accounting and data processing.

Evidence of substantial experience as a Consultant or as a Personnel Manager responsible for recruiting for senior positions is essential.

## Personnel and Training Systems

Field Consultants to review the effectiveness of personnel and training systems and procedures in such areas as manpower planning, appraisal and counselling systems and management training and development.

Mobility is essential and an added advantage would be a consultancy background and/or experience in the banking, finance or energy sector.

It is likely that only candidates aged between 32 and 45 will have the blend of experience and potential we are seeking. Opportunities for advancement are excellent, with continuous training provided to assist in personal development.

Candidates, male or female, should write for a personal history form to Michael R. Andrews, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting reference MCS/7067 for Executive Selection and MCS/7068 for Personnel and Training Systems.

Price  
Waterhouse  
Associates

## General Manager

Hotel and Hostel Group: London and Country

We are a thriving group of hotels and hostels with profit centres in the country as well as in the heart of London and Birmingham.

This is a challenging position for someone with wide business experience. Financial expertise essential. The job demands an outgoing personality and we expect to find the right combination of energy and experience in someone aged about 45.

The salary and benefits package will not disappoint an already successful manager.

Please write in the strictest confidence to:

The Chairman  
Box FT/742, St. James's House  
4/7 Red Lion Court, Fleet Street, London EC4A 3EB  
Open to male and female applicants

## INTERNATIONAL

## TAX

## Manager

Our client, a U.S. owned group with worldwide turnover in excess of \$1 billion, offers this London-based career position as a member of their European Management Team.

This is a vital role demanding qualities of strength and creativity, with emphasis on inter-personal skills to ensure maximum co-operation, acceptance and assistance with internal and external contacts.

It is essential that applicants show broad-based experience in international taxation, particularly European and U.S. involvement. The age indicator is 30-40 and a professional qualification is desirable, but not essential for candidates of exceptional experience and personality.

Our client offers a salary of c. £20,000 with an annual bonus and the provision of an executive car after a six-month period.

Interested applicants should submit full career details quoting ref. 823 to Nigel Hopkins F.C.A. at 31, Southampton Row, London WC1B 5HY Telephone 01-405 0442.



Michael Page Partnership  
Recruitment Consultants  
London Birmingham Manchester

Managing Director  
Petroleum

Multi Billion Dollar U.S. energy company is going international. Offices will be established in the U.S., Europe, Bahrain and Far East. The company, a major force in refining as well as exploration and production, seeks a Managing Director of the international offices to help support our U.S. based 300,000 BPD refinery. The objective is to buy, sell and trade crude oil and refined product streams on the world market.

The Managing Director must have excellent knowledge of crude oil and petroleum products as well as contacts with the International Banking and Financing community.

Opportunities also abound for aggressive crude oil and refined product traders. Working out of London, the successful applicants will be travelling to Bahrain and the Far East. Aggressive traders can mail a resume or letter of interest in confidence to:

Mr. Arthur E. Kalvert

G H R

ENERGY CORPORATION

98/99 Jermyn Street, London SW1Y 6EE

01-930 9521/5

SALES DIRECTOR  
SALES DIRECTOR

The Company which recognises that not all company cars are box-shaped, is looking for a new Sales Director. The job offers a unique opportunity for a person with flair, enthusiasm and unlimited ambition. He/She will understand that a company car customer is looking for as much enjoyment and motivation from his vehicle as a retail customer.

You'll be selling freedom to your customers; they can get on with marketing, planning, manufacturing, whilst with your team's advice, the hassle disappears from company car activities. What could be easier to sell than that proposition?

You must have the ability to think on your feet, recognise market gaps, share manufacturer's benefits with the customer, acknowledge that a used Porsche is an alternative to a new Daimler, have no pre-conceptions, but have the ability to qualify a customer's requirements and then satisfy them with your knowledge and skills.

You'll inherit one of the best teams in the business, with an experienced Sales Manager and 10 Sales Consultants, backed up by Account Executives responsible for ensuring the smooth operation once the order is signed. Experience in the Motor Trade and knowledge of leasing would be helpful, but the ability to produce satisfied customers is the major requirement.

The job offers an extremely attractive salary, company car and other benefits, but above all it offers the opportunity to make it happen as long as you have the skill.

Applications with full C.V.'s to Jean Denton, Managing Director, Heron Fleets.

## P.S. Sales Consultants

There are two members of the sales team still to be recruited. Ambitious round pegs in square holes with proven track records looking for the earth, but accepting a five figure salary should apply to Paul McKenna, Sales Manager, Heron Fleets.

Heron Fleets & Leasing  
Heron House, Wembley Hill Road,  
Wembley, Middlesex HA9 8UR

## Somerset

## EDUCATION AND CULTURAL SERVICES COMMITTEE

## EDUCATION HEADQUARTERS

## EDUCATION OFFICER

(FINANCE AND ADMINISTRATION)  
Salary grade P02(I), range currently £11,220 to £12,408 p.a.  
The successful candidate will provide a comprehensive accountancy, budgetary control and financial advice to the Chief Education Officer and the various Branches/Sections within the Department.

Applicants should be qualified accountants with Local Government experience.

Application forms and further details for this newly created senior post are available from the Chief Education Officer, Staff NT, County Hall, Taunton, TA1 4DZ.

Stamp and address envelope please.  
Closing date for the receipt of completed application forms is 21 May 1982.

Banking Officer  
Salary Range £13,000-£15,000

Aged mid to late 20's, this position calls also for a graduate, preferably MBA, with sound experience of general banking, good knowledge of credit and exposure to running corporate accounts in Europe.

Areas of responsibility will be for the Netherlands and part of the U.K.

Ref: 6090

For both positions, our Client seeks applicants with a high degree of motivation, imagination and initiative, coupled with a flair for marketing the Bank's services.

Excellent benefit packages are offered which include generous mortgage facilities, low cost personal loans, non-contributory pension scheme, Private Health Scheme and Free Lunches.

To apply please write enclosing full C.V. to M. J. R. Chapman quoting relevant reference.

Lloyd Chapman  
Associates

123 New Bond Street, London W1Y 0HR 01-408 1670

# European Financial Management

Our client is the European subsidiary of a major international telecommunications and electronics group. They have operating companies in the UK and eight other European countries.

Reporting to the Director of European Finance, the role will include developing and implementing financial control systems, management and financial audit, profitability analysis, contract reviews, asset management and country business studies. Extensive European travel will be involved.

Candidates should be aged in their early 30's, qualified accountants, familiar with American accounting requirements and highly numerate. Working experience in Europe is essential as is fluency in English and at least one other European language. The appointment is seen as a two year assignment with excellent promotion prospects thereafter.

Based Home Counties, salary depending on experience in the range £17,000-£22,000.

Please reply in complete confidence quoting reference T308 to David Thompson who is advising on this appointment.

# Odgers

MANAGEMENT CONSULTANTS  
Odgers and Co Ltd, One Old Bond St.  
London W1X 3TJ  
01-439 6811

## CAREER OPPORTUNITY IN UNDERWRITING

Increasing business has created an outstanding career opportunity in the Financial Services Division of the American International Group in their London (City) office. The Division specialises in underwriting political risk and other financially orientated insurance covers, and will be launching an export credit insurance programme later on in the year.

Candidates will be in their early to mid twenties, possess a knowledge and an understanding of Balance Sheets and Accounts and have a university degree or similar qualification. Insurance experience is desirable but not essential. Ability to work under pressure and on own initiative is necessary.

Salary is not a limiting factor being dependent upon age, experience and potential.

Please write in confidence giving full details of education, experience, and salary progression to:

Mrs D McIntosh  
Personnel Department  
American International Underwriters (UK) Ltd.  
1/8 Altyre Road  
Croydon CR9 2LG



### BANKING

#### SYNDICATES

A U.K. based bank with an excellent reputation, both as an employer and a bank, seeks to compliment its existing syndications team. Recognised as specialists in this field or possibly a corporate lawyer with a leading City practice, you will preferably be aged up to late 30's and be able to display a first class career gained with prime names.

#### CAREER BANKERS

A leading bank based in Bahrain offers the chance of excellent career prospects to dedicated bankers experienced in credit analysis or economics. With at least 2 years experience in either of these areas, you should be ambitious and seeking a progressive career in international banking. Working conditions, salary and benefits are excellent.

#### CABLE DEALER

Active London bank seeks to compliment its existing team with an experienced dealer. Emphasis will primarily be spot and forward cable, and candidates must be experienced in running a position. Salary negotiable.

APPLICATIONS WILL BE TREATED IN THE STRICTEST CONFIDENCE

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

**ROBERT HALF**

SEARCH & RECRUITMENT

# County Bank Limited

As the merchant bank in a major international group, we provide an extensive range of banking, investment, and advisory services to a wide range of governmental and corporate clients throughout the world. With assets in excess of £1bn, we are one of the largest merchant banks in London and it is our aim to expand further our activities in all the markets in which we currently operate. This commitment to continued growth creates opportunities for experienced professionals and younger people with potential to join a young and progressive organisation with its eyes firmly on the future. Details of some of the opportunities are shown below:

### City

#### International Lending 24-30

As part of the continued expansion of our international merchant banking activities, we are seeking to appoint an additional executive who will assist with the day to day responsibility for the bank's lending and acceptance credit portfolio in a specified geographic area. As the team is responsible for all aspects of lending, including syndications, candidates should have experience of country and corporate risk analysis, credit committee presentations, loan pricing and loan documentation. In addition to the job experience mentioned above, candidates should possess a degree and/or professional qualification, together with a knowledge of at least one foreign language, and be at their best in a stimulating environment where personal initiative is encouraged.

An attractive salary together with the usual range of banking benefits will be offered for all the above positions which will reflect experience and potential. Applications, which should include details of education, experience and current remuneration should be forwarded to:

Ian Carlton, Personnel Manager,  
County Bank Limited,  
11 Old Broad Street,  
London EC2N 1BE.

#### Young Bankers 21-24

We have a limited number of opportunities for young, ambitious bankers who can demonstrate intellect, enthusiasm and commitment and are prepared to work hard in an organisation which rewards such qualities. In return, we will agree a programme of training which will take into account the bank's range of activities and your own interests.

It is likely that your first appointment will be in our Finance Division where you will work with a team engaged in making loans, taking equity investments, and providing both general and specific banking and financial advice to wide range of UK corporate clients.

Our entry requirements for these positions are education up to at least A level standard and, preferably, degree level; qualified or near qualified AIB; 18 months' minimum banking experience.

Our Manchester office is concerned with providing financial services, primarily lending, equity investment and corporate advice, to a wide range of clients throughout the North West. We are seeking to expand the existing team with the appointment of two additional staff.

**Finance Executive 25-30**  
The first position is for a professionally qualified person (ACA or AIB) who will contribute to the finance activities of the office. Whilst a banking background would be useful, more important is an overall knowledge of finance and its role in a corporate economy, together with the ability to work in a highly professional and competitive environment.

### Manchester

#### Executive Trainee

The second position will appeal to a young banker who has completed his/her AIB and is seeking a career in merchant banking. Initially, the role will involve essential administrative support - including balance sheet analysis, loan documentation, and interest renewals - together with providing assistance in monitoring the local loan and equity portfolio. It is a pre-requisite that candidates are of a calibre which will enable them to assume further responsibilities in due course.

Interviews will be conducted in Manchester for these positions.

# Robert Fleming

## Banking Loans Executive for City merchant bank

Robert Fleming's commercial banking activities are expanding and as a result an additional executive is required to join the close-knit team in the banking department.

There will be involvement in developing and implementing new client business both foreign and domestic as well as maintaining business contacts with the bank's existing clients. Candidates should be graduates in their 20's and are likely to have an accountancy or legal qualification. Practical experience in the commercial lending department of a merchant or consortium bank, preferably on the domestic side, would be a distinct advantage. Personal qualities and the ability to work with colleagues and clients up to senior levels are essential.

A competitive salary with worthwhile benefits will be offered. The bank also gives a mortgage facility.

Please write in confidence with curriculum vitae to:  
Tom Phillips, Robert Fleming & Co. Limited,  
8 Crosby Square, London EC3A 6AN. Tel: 01-638 5858.

## Senior Financial Management Midlands £20,000 plus

This appointment is to manage the financial function of the principal division of a substantial British group. The division has a £100m. turnover and an enviable profit record; manufacturing operations are multi-site.

As Chief Accountant, responsibility will be to the Group Finance Director for financial and management accounting with a staff of 45. Early emphasis will be on the development of tighter cost controls, and on systems modernisation, associated with the introduction of new data processing equipment.

Candidates are likely to be chartered accountants aged 35 to 45 with relevant industrial accounting experience at senior level, and wide exposure to the maintenance and development of computer based accounting systems.

Starting salary £20,000 plus bonus; car and executive benefits. Relocation help. Please write in confidence with full career details to E. I. Clark ref. B.75232.

This appointment is open to men and women.

United Kingdom Australasia Benelux  
Canada France Germany Ireland  
Italy Scandinavia South Africa  
Switzerland U.S.A.

**MSL**  
Management Selection Limited  
International Management Consultants  
Union Chambers 63 Temple Row Birmingham B2 5NS

# Commercial Manager

### Reading

c.£15,000+car

Our client is a small but expanding company engaged in leasing, lease management and hire purchase. It has grown to the stage where the Managing Director needs an able Deputy to take responsibility for all aspects of financial, new business and general office administration. Applicants, male or female aged c.30/45, must have proven accounting and financial management experience, preferably gained within a finance company or similar institution. In addition to general administrative duties, specific tasks will include the co-ordination of Board reports, accounts, budgets and forecasts and implementation of computerised systems. This is an obvious opportunity to make an identifiable contribution to business development. Future prospects in this company, which is part of an established financial group, are excellent and so only applicants of potential will be considered.

Contact David Tod BSC, FCA on 01-405 3499  
quoting reference DT/538/CMF

# Lloyd Management

Recruitment Consultants

125 High Holborn London WC1V 6QA 01-405 3499

**COUNTY BANK**  
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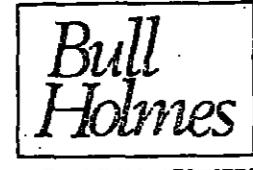
# Controller Food Division

**Co-operative Wholesale Society Limited**

The most demanding job in the British food industry falls vacant because of the impending retirement of Maurice Bromilow.

Responsibility is to the Chief Executive of the CWS for a £1.4 billion turnover business in the procurement and manufacture of a wide range of food products and their marketing and distribution primarily to the 170 UK Retail Co-operative Societies.

The Division is a prime contributor to the healthy growth of co-operative trading. It employs some 11,000 people and has over 100 factories and warehouses and a 1982 capital budget in excess of £20 million.



PERSONNEL ADVISERS

General management accountability at or near the top of a very large food manufacturing operation is desirable, and a record of sustained achievement in business management and corporate development is an essential requirement. The preferred age is early to middle 40's.

Salary will be in excess of £40,000.

Location Manchester.

Interested candidates, male or female, should please write in confidence to:  
D. A. Ravenscroft,  
Bull Holmes (Management) Limited, 20 Albert Square, Manchester M2 5PE.

# Economist

An influential role with Ford of Europe

about £12,000 + car

Ford seek a professional economist with broad experience to join our Economic Studies Department located at our Central Office in Brentwood, Essex. The successful applicant will join a small but influential team whose role is to analyse key economic, vehicle market, and political trends affecting Ford activities throughout Europe.

It will be your responsibility to analyse short and longer term economic developments (especially those related to energy), and to evaluate their impact on the Company's business. It is a challenging role requiring the ability to adapt to a fast moving highly competitive international business and to operate efficiently under pressure.

Good communications with both fellow economists and with Ford management will be vital.

Our need is for a successful man or woman, probably in

his or her late 20s, with a good economics degree and at least three years' experience in an Economics-related field, preferably with an energy bias. This experience could have been gained either in industry, in a private or Government research function or in a Higher Education establishment. Knowledge of a second European language would be an advantage.

Prospects for advancement are significant. We offer an initial salary in the region of £12,000 p.a. plus lease car facility and the big Ford benefits package which includes relocation assistance where appropriate.

Please write with sufficient details to make an application form unnecessary, to Jim Unsworth, Room 1/578B, Ford Motor Company Limited, Eagle Way, Warley, Brentwood, Essex. Telephone: Brentwood (0277) 253000 ext. 2149.



## COMMODITIES

Ambitious broker/trader has 12 years' good and varied experience with a good future prospect. Finds his talent untried and therefore horizons limited in present position, seeks an interesting challenge with responsibility for a major client. Write Box AT845, Financial Times 10 Cannon Street, EC4P 4BY

# European Auditor Based in London

Our Client is a prosperous and rapidly expanding American multi-national.

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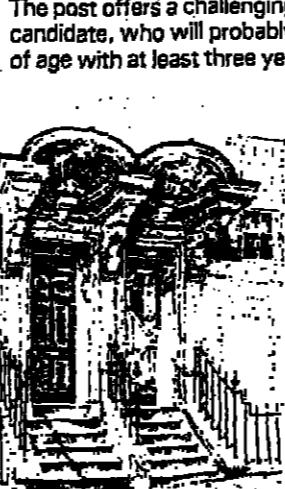
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## BBC 1

## TELEVISION

## LONDON

## BUSINESS LAW

## Chris Dunkley: Tonight's Choice

**BBC 2** Travellers In Time is the series which combines two of the most valuable and attractive aspects of documentary film: history and travel. Tonight's new series opens with "Everest—First Attempt." One of the climbers who stood beneath the peak of the highest mountain in the world in 1922 wrote: "Mount Everest is great and beautiful; marvelously built, majestic, terrible, a mountain made for reverence." The pioneers seen here in a classic film of early mountaineering made by Captain Noel were to get within 1,700 feet of the summit. They experimented with the use of oxygen at altitude, bivouacked in a blizzard, and suffered frostbite and windburn. Less heroically they discovered that Tibetan tea made with rancid butter tasted worse than castor oil, and that to a local headman a Homburg hat was a most valued possession. The series is introduced by Duncan Carse, Antarctic explorer, but best known for his radio portrayals of Dick Barton.

Mandy Rice-Davies makes her much-heralded appearance in BBC1's computer-crime thriller serial *Bird Of Prey*, which has reached episode three.

**BBC 2**

6.40-7.55 am Open University (Ultra High Frequency only). 9.27-11.59 For Schools, Colleges, 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Check-A-Block. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.55 Play School. 4.20 The Drak Pack. 4.40 The Littlest Hobo. 5.05 John Craven's Newround. 5.10 Blue Peter. 5.40 News. 6.00 Regional News Magazines. 6.25 Nationwide. 7.00 Tomorrow's World. 7.25 Top of the Pops with Simon Bates. 8.00 It Ain't Half Hot Mum starring Windsor Davies. 8.30 Sorry! (comedy series starring Ronnie Corbett). 9.00 News. 9.25 Bird of Prey, thriller for the electronic age. 10.15 Question Time. 11.15 News Headlines. 11.20 Fame: A series of five programmes with John Fitzalan; 11. Trevor Lock. 11.50 So You Want To Stop Smoking.

All IBA Regions as London except at the following times:

**ANGRIA** 1.20 pm Anglia News. 2.00 Not For Work Only. 4.20 Pageant. 5.15 The Adventure Show. 6.00 Breakfast. 6.15 The Emmerdale Farm. 6.45 About Africa. 6.20 Arena. 6.35 Crossroads. 7.00 Survival. 10.30 Snooker '82. Telly's Original Music. 11.15 Election '82. Midland Airtime presents five days of key results from the East of England county elections. 12.00 The Jazz Series. 12.30 am Letters From Home.

**BORDER** 1.20 pm Border News. 4.20 Palmers-ton USA. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Midland Airtime presents five days of key results from the East of England county elections. 12.00 The Jazz Series. 12.30 am Letters From Home.

**CENTRAL** 12.30 pm The Young Doctors. 1.20 Central News. 2.00 Sport Billy. 4.45 Jason of Star City. 5.00 The Mystery of Clark's Mysterious World. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 10.30 Venture presented by John Edwards. 11.00 Central News. 11.05 Local Elections '82.

**GRAMPIAN** 9.30 am First Thing. 1.20 pm North News presented by Barry Redfern. 2.20 This Week. 3.00 North Tonight. 3.30 Police News. 6.00 Crossroads. 7.00 Private Benjamin. 10.45 Cover To Cover. 11.15 Bizarre. 11.45 Love American Style. 12.15 am North News and Weather in French.

**GRANADA** 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.20 This Week. 3.00 North Tonight. 3.30 Police News. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 10.45 Clubland. 11.20 Granada Reports Local Election Report followed by What The Papers Say.

**HTV** 1.20 pm HTV News. 3.45 The Making

## 6.40-7.55 am Open University.

11.00-11.25 Play School. 1.00 pm Snooker and Racing. 5.10 Berlin Stiedinger. 5.40 Buck Rodgers. 6.00 The Great Egg Race. 6.30 I'm Sorry Mate, I Didn't See You. 6.55 Snooker. 7.05 County Hall.

presented by Jon Lander and Reg Hartson.

## CHANNEL

1.20 pm Channel Lunchtime News. 5.15 It's On Where, and Weather. 3.45 Little House on the Prairie. 5.20 Crossroads. 6.00 The Incredible Hulk. 7.00 Benson. 10.25 Channel One News. 10.35 Manix. 11.30 In Concert. 12.00 Manix (Roger Moore). 12.25 am News and Weather in French.

## GRAMPION

9.30 am First Thing. 1.20 pm North News presented by Barry Redfern. 2.20 This Week. 3.00 North Tonight. 3.30 Police News. 6.00 Crossroads. 7.00 Private Benjamin. 10.45 Cover To Cover. 11.15 Bizarre. 11.45 Love American Style. 12.15 am North News and Weather in French.

## GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.20 This Week. 3.00 North Tonight. 3.30 Police News. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 10.45 Clubland. 11.20 Granada Reports Local Election Report followed by What The Papers Say.

## HTV

1.20 pm HTV News. 3.45 The Making

(S) Stereophonic broadcast (when on HTV).

## RADIO 1

5.00 am As Rad. 2.00 Three Men In A Boat (4). 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 The Record Producers. 8.00 David Jensen. 10.00 12.00 John Peel (S).

## RADIO 2

5.00 am Ray Morris (S). 7.30 Terry Wogan. 8.00 Terry Wogan (S). 12.00 Gloria Hunniford. 15.20 Ed Stewart (S) including Racing from Chatter at 2.45 am. 3.45, 4.00 David Hamilton (S). 5.45 News Sport. 6.00 John Dunn (S). 10.00 Country Club with Alan Whittle (S). 9.00 Alan Dell and Billie Small. 10.00 Sports Desk. 10.00 The News Huddlines. 10.30 Sun Sound Extra with Nick Jackson. 11.00 Peter Clayton.

## RADIO

including Round Midnight. 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

## RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 8.00 News. 9.05 This Week's Composer: Rousset (S). 10.00 Endellion String Quartet (S). 10.30 Rachmaninov Transcriptions (S). 11.00 pm News. 1.05 Orchestra (S). 1.30 Weather. 2.00 Early Works of Britten (S). 3.00 Guernaliade by Schoenberg (French translation). 4.00 News. 5.00 News. 6.00 Mainly For Pleasure (S). 7.00 Puccini Story. 8.00 News. 10.45 Evening Star. 11.00 News. 11.03 A Tale of Two Survivors. 11.45 Enigma Within.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.35 Weather. 6.45 Weather. 6.50 Bristol Lanchester Concert (S). 7.00 Early Works of Britten (S). 8.00 Checkpoint. 9.30 The Living World. 9.55 Weather. 10.00 The World Tonight. 10.30 Della Service. 10.45 Evening Star. 11.00 News. 11.30 Today in Parliament. 12.00-1.00 am News and Local Election Special.

## TSW

1.20 pm TSW News Headlines. 3.45 Little House on the Prairie. 5.15 Gius Honeybees' Magic Birthdays. 5.20 Janet Adam Smith. 6.00 News. 6.30 Scots South-West Special. 7.00 Benson. 10.45 TSW Late Call. 11.30 The Regions Decide part 2.

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12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

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## RADIO 5

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 6

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 7

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 8

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 9

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 10

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 11

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 12

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 13

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 14

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 15

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 16

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 17

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 18

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 19

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 20

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Words (talk by Eight Doctors), part 2. Slatavsky (S). 11.00 News. 11.15-11.15 School (S).

## RADIO 21

12.00 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather, travel, programme news. 1.00 News from all over. 1.40 The Archers. 1.55 Shipping Forecast. 1.56 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00

## THE MANAGEMENT PAGE: Marketing

# Marathons put pace into the running market

BY IAN HAMILTON FAZEY

WHEN more than 16,000 people set off this Sunday on the 26 miles 385 yards of the second Gillette London Marathon there will be rather more at stake than who, among the top athletes, wins or how many lesser mortals in the pack beat four hours.

For the London marathon is already the greatest promotional event for running in Britain. Last year's caused a nationwide surge in numbers of people jogging. The market that has suddenly opened up as a result has caught even the most optimistic by surprise.

How big that market will become defies answer. What is known is that two years ago in Britain there were 21 marathons. Last year there were 54. This year there will be at least 106. Not all of them will be jumbo events like London's but conservative estimates are that at least 100,000 people will run a marathon in Britain in 1982, each paying an average entry fee of £4.

That 100,000 figure is the first clue to the size of the new running mass market. Consider kit. Marathon running is not a matter of buying shorts, vest and a pair of pumps. It requires months of training, many miles of running and more running, built up day after day, week after week, in all weathers. A 12-mile run on a sub-zero winter Sunday will see the runner kitted out in warm tights or tracksuit bottoms, shorts, shoes, socks, a long-sleeved tee shirt, a warm top, a light waterproof top if wet, gloves and a woolly hat. That little lot will cost at least £50, allowing for cheapish shoes at £25.

Indeed, given wear and tear and washing, the runner will need two pairs of shoes a year, a couple of pairs of shorts, several vests and/or tee shirts, half a dozen pairs of socks (sweaty, unwashed or darned socks cause blisters on long runs), gloves, tracksuit, tops, and warm tights or longjohns. Some items may well last a couple of years or more but others will be discarded.

With five shops in Greater

through wear or as fashions change. This wardrobe will cost around £125 and twice as much if an expensive tracksuit or shoes are chosen.

This year's 100,000 marathons, therefore, may have spent at least £12.5m on kit in getting to the starting line. They, however, are only the tip of the running iceberg. To have got to this stage, most will probably have been jogging, then running for a couple of years or more while making up their minds about building up to a marathon. The final trigger may have been last year's London marathon—there were 70,000 applications for this Sunday's event. Others will have taken up jogging as a result of seeing that very ordinary folk can train and "beat the distance."

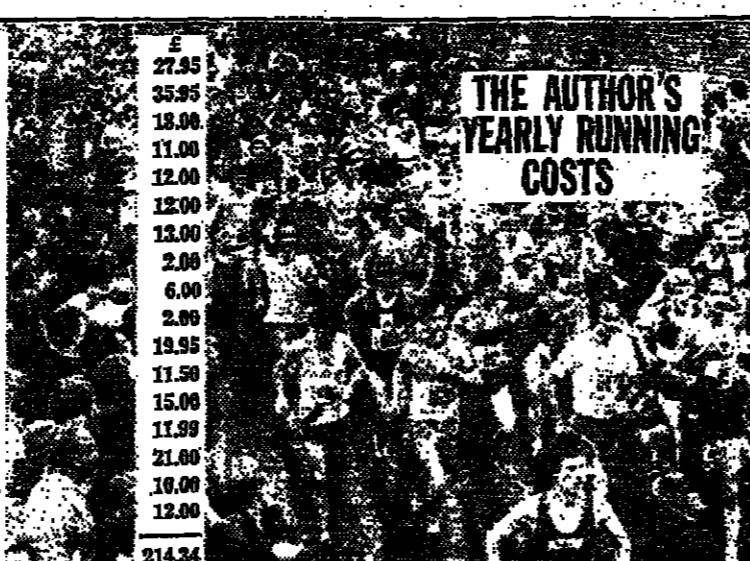
So numbers of runners are probably at least 300,000 and may well exceed half a million.

### Scientist

The new market will make many fortunes. A likely big name for the future is Ron Hill, who is already a big name as a marathon runner. Hill, now 43, used to work for Courtaulds as a textile chemist, in which field he has a Ph.D. Apart from world class performances that made him European and Commonwealth marathon champion in the early 1970s, he brought the mind of a highly educated scientist to his sport, developing, among other things, a special technique by which marathon runners could combine training and diet in the last few days before a race to increase temporarily the amount of chemical energy stored in the muscles.

He also designed and raced shorts and mesh vests that helped marathoners stay cooler longer and began his business career with a mail order line in them, which he ran from home in the evenings. The success of this eventually enabled him to move full time into Ron Hill Sports, a wholesale operation, and a retail and mail order arm, Running Wild. With five shops in Greater

|                                 |         |
|---------------------------------|---------|
| Shoes: New Balance 429          | £27.95  |
| Shoes: New Balance 669          | £35.95  |
| Tracksuit                       | £18.00  |
| Shorts (2 pairs)                | £11.00  |
| Vests/tee shirts                | £12.00  |
| Socks (6 pairs)                 | £12.00  |
| Winter underwear                | £13.00  |
| Gloves                          | £2.00   |
| Waterproof top                  | £6.00   |
| Woolly hat                      | £2.00   |
| Casio watch                     | £19.95  |
| Books                           | £11.50  |
| Magazines                       | £15.00  |
| Shoe inserts                    | £11.95  |
| Ointments, rubs, plasters, etc. | £10.00  |
| Marathon entries                | £12.00  |
| TOTAL                           | £214.24 |



THE AUTHOR'S  
YEARLY RUNNING  
COSTS

Manchester, a flourishing mail order catalogue, 20 per cent of his wholesale business going to export, and licensing arrangements about to be signed for the lucrative American market (80 per cent of American runners polled by market researchers knew who Ron Hill was). Hill says that sales growth has probably hardly yet begun.

If U.S. experience is anything to go by, the running boom has a long way to go yet before the market stabilises.

Surveys show that there are at least 25m runners—predominately, that would suggest a potential British market of more than 6m people—and there are more than 500 marathons a year.

The market is shoe market is running's toughest, with up to one-fifth of advertising volume in typical running magazines devoted to direct brand promotion by manufacturers.

The market is not just about clothing. Cassie's "Jogging" watch, for instance, is a fascinating example of lateral thinking. It costs less than £20 and uses existing microchip technology to give the runner a wrist-born computer. All the runner has to do is program in stride length and desired pace in minutes per mile. The watch can then be set to sleep to the runner's steps. It also computes distance run, strides taken, and speed, and works as a calculator, multi-function stop-watch, and alarm clock. It is also a timer.

Repels rain

Also on the market are peppermint foot lotion, confidence-boosting hypnosis tapes, fat-measuring calipers, electronic instruments to monitor the pulse rate and thus assess training effectiveness and, from the U.S., an ultrasonic device to frighten off dogs.

There is a growing market in books on running and in training manuals. Nutritionally, there are specially formulated sports drinks which replace minerals, electrolytes and other chemicals depleted during running.

After post-graduate work at Loughborough, he says: "The market is mushrooming. There has been a large growth in numbers of events, many of them to raise money for charity through runners being sponsored. In fact, the charity boom has probably hardly yet begun."

In the clothing field, technological advances include Gore-Tex fabric, which lets out sweat while repelling rain. Tracksuits in this material, which several companies are marketing, cost up to £80 each.

Tracksuits generally are likely to become a battleground, with ICI Fibres not only in the lists but using Sebastian Coe as a latter-day equivalent of the sandwich board man.

As it is, the shoe market is running's toughest, with up to one-fifth of advertising volume in the industry appear to want to face up to. In the current competitive business environment, it appears far easier to pay lip-service to the full commission system while clandestinely dealing on a different basis.

Introducing these somewhat murky waters has plunged Peter Marsh, the ebullient chairman of Allen, Brady and Marsh, and someone who is well-known in the ad world for the flamboyance of his gestures. Marsh, however, has raised more than a few eyebrows within the industry by his latest escapade. He has just taken four-page advertisements in the industry's trade papers to nail his colours firmly to the mast of the 15 per cent agency commission rate. "We won't let it crumble," Marsh resolutely proclaims.

At stake, believes Marsh and other agency chiefs, is not simply a system which has worked well for many years but, more significantly, the whole structure of the full-service agency set-up and the level of standards it achieves.

"Nonsense," says John Bessant, director of advertising at the Central Office of Information (which spends £21m a year on the Government's advertising) and probably the chief opponent of the 15 per cent commission system. "I object strongly to the claim that you cannot get good advertising by being cost-effective," he adds.

Injuries will probably happen anyway through cumulative over-use of the joints and muscles in marathon training, where 40 miles a week is a minimum level. Why increase the risk by skimping on shoes? As it is, the realistic would-be marathoner should also budget for physiotherapy and maybe consultation with a foot specialist who can advise on shoes and gait-correcting inserts if needed.

Sports medicine, in fact, seems to be one area that has not yet woken up to the profitable potential of the running boom. As more people run and more get injured, it surely will. A private sports injuries clinic in a large population centre could probably make a fortune. Just watch the ads in the running press.

Ian Hamilton Fazey, 40, this summer and a London marathon reject, made his debut at the Abingdon marathon on Monday, and completed in 3 hrs 47 mins.

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## ADVERTISING

# Is quality synonymous with 15% commission?

WHENEVER TWO or more advertising agency executives are gathered together, the gossip invariably turns towards which agency is pitching for which account and, more importantly, whether or not they have had to cut their commission rate in order to win it.

For an industry where most agencies will go to extreme lengths to tell you just how creative their latest campaign is—and just how effective is their media-buying prowess—the shutters come down firmly on any discussion about how much the agency actually gets paid for its efforts.

The reason for this is that the commission system of agency remuneration—which has operated in one form or another for the past 163 years—is crumbling under a number of pressures which few in the industry appear to want to face up to. In the current competitive business environment, it appears far easier to pay lip-service to the full commission system while clandestinely dealing on a different basis.

Shoe design is, in fact, critical. A good shoe will cushion the feet against road shock and support the foot as fatigue makes muscles and ligaments start to give way. A bad shoe will let the foot twist and roll inwards so that joints, bones and muscles move out of the ideal angles to each other, eventually resulting in injury to ankles or, more commonly, to knees. Runner's knee, chondromalacia patellae, will probably become much more widespread than tennis elbow.

Trying to prove the efficacy of a particular design seems to be the prime function of shoe advertising, with price a secondary consideration. Dunlop is latest in the running market with a £23 marathon shoe. This is the cheaper end of a market where Saucony's top model costs £54.50, New Balance's £44.95, Nike's £39.95 and Adidas's £37.99. Since most runners agree that footwear is one area where they cannot afford to be tight-fisted, some may consider Dunlop's new shoes, and the host of others in that price range, too inexpensive to risk despite their qualities.

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"ARM won't let it crumble."



discount of 15 per cent from the newspaper (or any other media) simply because it is a recognised agency.

In theory, therefore, the advertiser has nothing to gain from not going through an agency—and in fact a lot to lose since agencies can offer creative flair, market research, and expertise in a wide range of services which are not open to the advertiser.

### Restrictive

In practice, however, there has always been an element of financial juggling between advertisers, media, and organisations which have set themselves up as specialist media-buyers.

An attempt to change the situation was made by the Office of Fair Trading in 1977. Although most media trade bodies operated some kind of agreement covering the 15 per cent discount in agencies, the OFT initially took to task the Newspaper Society and the Newspaper Publishers Association for their restrictive agreements which, in effect, told their members to sell advertising at a discount only to recognised agencies.

Under OFT pressure, the Newspaper Society and the NPA have been forced to water down their agreements to make them less restrictive—agreements which came into force in 1979. Since then the OFT has been monitoring the working of these new agreements and is currently consulting with various agencies.

on their effectiveness. The agreements could therefore soon come up for a closer examination in the Restrictive Trade Practices Court—which would provide a test case for the agreements covering other sectors of the media.

Following on from the OFT's intervention, the Central Office of Information took the opportunity to announce at the beginning of 1980 that it would no longer operate on a straightforward 15 per cent commission system. Instead, it would operate on a "cost-plus" basis whereby it would pay the cost of the media with an extra fee for the agency's work.

Bessant says that, while sticking to the original decision to abandon the straightforward 15 per cent commission system, his intention now is to negotiate each advertising contract on a flexible basis depending on the work involved. He refuses, however, to give details of new accounts that have already been agreed with agencies.

Other major advertisers have taken the COI's lead and begun to put pressure on agencies to take a smaller commission (say 12½ or 10 per cent) or even work on a fee basis. (No one will admit this publicly.) Their feeling is that 15 per cent of a film television campaign is a lot of money for the agency to receive for the work involved.

However, Peter Marsh points out that this 15 per cent "takes both client and agency through the heights and the troughs" but only amounts to a 2 per cent profit margin for agencies.

What worries many people within the advertising industry is not that the commission system should be defended—it is, after all, a logical and restrictive system—but that the debate is simply about cheap advertising rather than good advertising. If the final analysis, it is the effectiveness of the advertising that counts and not its cost.

Bill Claggett, vice-president in charge of advertising for the U.S.-based Ralston Purina company, has commented: "The money we save in reducing the relatively small amount of dollars spent in agency commission can certainly be negated by a few share-points decline in the market place."

David Churchill

## OVERWORLD

invites you to see  
their announcement

on

PAGE 10

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Thursday May 6 1982

# The real risks in Eurobanking

**THE APPEARANCE** of the first report from the Group of 30 on risks in international bank lending is an important symbolic event. It formalises the increasing uneasiness of the international banking community about the sovereign lending which has grown so rapidly since the first Opec oil shock nine years ago. It is reassuring as far as it goes; but it does not go far enough.

In current conditions of recession, much worsened terms of trade for many debtor countries and high real interest rates, banking worries are naturally much more pressing than when the study group started its work in 1980. Indeed, some academic specialists in monetary affairs have been talking about an imminent collapse of the banking system, originating in the Euromarkets.

### Weaknesses

In purely banking terms, the new report is largely reassuring on this score: this is only to be expected, but the reassurance seems well-founded. Bankers urged on by the central banks have tried to exercise greater prudence since the Herstatt collapse of 1978. Portfolios are well diversified. The total of country debt looks forbidding—the nine biggest U.S. banks, for example, now hold LDC debts worth more than twice their total capital. However, much is insured or guaranteed export credit, and recent lending has been subject to IMF support and conditionality.

The report is frank about some remaining weaknesses. There is an alarming lack of reliable information about the current credit position, there was much ill-advised lending in the past in pursuit of fashion and competitive balance sheet inflation, and some small banks look vulnerable.

In the judgement of the group, the threat of default by borrowers and the threat of the failure of some banks which cannot refinance their books in the interbank market is about equal; but neither is seen as likely to initiate a chain collapse of the system. Only the collapse of a large bank or group would do that, and here the authorities would no doubt protect deposits.

Improvements are needed—more uniform prudential requirements, better debt

information, and some permanent body to monitor problem loans, act as a forum, and facilitate the laborious business of rescheduling (the Group of 30 may be suspected of nominating itself for this role). Given such action, the main threat is to banking profits, not to banking survival.

So far, so good; but even if this picture is accepted as accurate, it seems to overlook the fact that international debt is not just a problem for bankers. Prudence may save banks, but leaves the world impoverished.

### Illusion

The very mood of caution which gave birth to this report has already had noticeable economic effects. As was shown by recent figures from America, including short-term country lending, there was virtually no net growth of country lending by the banks in 1981.

Most bankers believe that this source of credit is now shrinking. The totals almost certainly understate the damage. Rescheduling and distress lending diverts the flow of credit away from credit-worthy borrowers with growth prospects to maintaining a distant hope of viability in such countries as Poland. This process deflates growth more than it deflates the numbers.

Furthermore, rescheduling itself may prove in the long run to be an illusion. In an era of world economic growth and inflation, and interest rates which were negative in real terms, buying time through rescheduling did help to solve problems. Circumstances favoured borrowers; now they do not.

### Depressed

In short, there may still be a heavy price to be paid for the inflationary follies of "recycling," and this is unlikely to be avoided by new statistics or new committees. The urgent need is to find new sources of development capital for the credit-worthy, and to give high priority to the steps needed to reduce the present historically high level of real interest rates, which is in the long run quite unsustainable in a depressed world economy. The distinguished members of the Group of 30 are aware of these problems; their suggestions are urgently needed.

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# Jam tomorrow for Belgium

**THE ORGANISATION** for Economic Co-operation and Development has produced some good short term news for Belgium in its latest country report. The rise of unemployment may be almost arrested this year; the 8½ per cent devaluation within the European Monetary System carried out in February will help the external current account; gross domestic product may increase marginally after having contracted in 1981.

The report also makes it crystal clear that what has become one of Europe's sickest economies requires a prolonged period of intensive care. That is something that the Martens government in Brussels is well aware of. The question is whether it will be granted sufficient time for belt-tightening policies to work.

On the surface, at least, the auguries do not look too bad. The chronic tension between Flemings and Walloons are not in a virulent phase. The trade unions, though they could hardly welcome the austerity programme which the centre-right coalition has embarked upon, are relatively quiescent. The old saying that a week is a long time in politics applies with especial truth in a country where governments are balanced on a knife's edge.

### Incentives

The basic problems of the economy are well known: an excessive commitment to declining industries, especially in the steel-making areas of Wallonia; the collapse of direct investment from abroad as international economic prospects dimmed in the 1970s; high unit labour costs; and a general public sector borrowing requirement that by last year had welled to about 13 per cent of GNP.

### Important

Doing so is a step towards restoring the consensus that once used to characterise industrial relations in wide sectors of the economy. That is a need upon which the OECD report keeps on harping, implying that it is a better means towards something close to a freeze until the end of 1982; to freeze prices; and to prune government expenditure.

This is strong stuff, and the ECD recognises that it may work given time. What remains to be seen is whether the missing

electorate, and especially the trade unions, will respond to the promise of jam tomorrow. Two dangerous landmarks lie ahead. Local elections are due in October. Before then, the Government hopes to have its budget for 1983 passed. For the strategy to work, that budget will have to continue along the stony road of the 1982 budget. The medium-term goal is to halve the public sector deficit expressed as a percentage of GNP, by 1985.

The OECD report, the organisation's habitual caution notwithstanding, says openly that the budget objective will be difficult to attain. The report also raises some question about the ultimate effectiveness of devaluation. Its success would depend on the success of the necessary adjustment policies.

### Unreasonable

That takes one straight back to industrial investment, the budget, with its obvious political dangers, and to unit labour costs. As the OECD points out, the price freeze and the clampdown on wages will create problems next year when the usual catch-up effect may be expected unless controls are prolonged. In this instance the inflationary effects of devaluation will to some extent be postponed until 1983 because of the freeze.

Current demand, he says, is for "authors of ideas"—and he offers, for example, a 1776 first edition of Adam Smith's *Wealth of Nations* for \$12,500 and, for \$21,000, the 1662 volume in which Robert Boyle announced "Boyle's Law."

Perhaps the rarest book listed, however, is one of only six copies of the first issue of Richard Lovelace's *Lucca*. Priced at \$24,500, it once belonged to the American song-writer Jerome Kern, who speculated on the stock market as well as collected rare books.

After being virtually cleaned out by the 1929 Wall Street crash, says Rees-Mogg, pointing the moral, Kern sold his book collection and recouped his fortune.

### Literary editor

Arts Council chairman Sir William Rees-Mogg has just completed his first major editorial task since he left the editorship of The Times.

It is a 230-page catalogue for the Bloomsbury antiquarian booksellers Pickering and Chatto which he bought a year ago and is rapidly developing into a leading international business in its specialist field.

Illuminated by Rees-Mogg's own vast store of literary and historical anecdotes the catalogue lists about £500,000 worth of Pickering's stock of rare books—priced in dollars for the benefit of the main market.

Pickering's has not produced a catalogue for 20 years. And since this edition lists no more than a tenth of the volumes on its shelves, Rees-Mogg intends to publish annually in the future.

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### Cash blow

Even after recent releases there are still some 2,000 people remaining in Poland's internment centres.

## THE ROLE OF THREADNEEDLE ST.

# The Bank advises, but . . .

By David Marsh

"IT IS a bit of a warren," the Bank of England man murmured as he ushered out his visitor along the winding corridor, past the Principals' toilet towards the decorous figure of a pink-coated attendant guarding the entrance to the lift. "But you really must admit it is a distinguished sort of warren."

The "warren" is about to have its innards renewed. The Court of Directors—the governing body which has presided over the Bank of England's affairs since its foundation in 1694—is due this month to sanction a full-scale internal refit to modernise the rambling building's heating, ventilation and electrical systems.

The job will admittedly be a big one, probably costing more than £10m. But in terms of Threadneedle Street's policy-making power, deliberation on rewiring these days might sometimes look like the limit of the Bank's scope for self-assertion.

Headed by a Governor who performs a role midway between that of a senior civil servant and a High Court judge, the Bank has always jealously clung to the position of semi-independence.

In three years of gently mainly in-fighting since the Conservatives came to office, the Bank has emerged from skirmishes with Whitehall—for instance over the importance of an exchange rate policy—with some important rounds to its name. In other tussles—notably over debt indexation—it has been resoundingly defeated.

Overall, although her trap-pings may be as splendid as

with the state is still that between carping banker and powerful, somewhat neurotic client, Mr Denzil Davies, a Treasury Minister under the Labour Government, summed up six years ago where the power lies: "The Bank advises, but it is Government who decides."

It is ironic that over the past few years, the advice has been increasingly disregarded by a free-market Conservative government, on the face of it ideologically much closer to the Bank than its predecessor.

Doubly bruising to bank egos, the Conservatives pledged before the election to give the Bank "a more independent role."

That plan was dropped after the summer fiasco two years ago when sterling M3, the Government's chosen indicator of the money supply, jumped sharply after the ending of the "corset" controls on the banks. The episode led to a sharp cooling of relations between Mrs Thatcher and Mr Gordon Richardson, the Bank's governor.

Mrs Thatcher's free-market feathers were also ruffled when, in the take-over battle for the Royal Bank of Scotland, Mr Richardson supported a "British solution" that would preserve the Bank's authority over the banking system.

Mr Richardson, whose second five-year term ends next summer, is also notoriously prickly in his dealings with the Treasury. One Whitehall view is that when something is delayed on the monetary front, "we don't know whether it's just the Bank being slow—or whether the Governor is upset."

When under pressure, the Bank tends to fall back on a worldly, somewhat smug view of its role as anchor to the economic ship of state—an attitude which, because they know it irritates Whitehall, Bank officials tend not to broadcast too loudly.

The theme is that governments may come and go with their simple-minded notions and monetarist fads but the Bank will always be there. As one official put it: "Labour didn't take sterling M3 seriously. Now it's the other extreme."

Differences of style underline the divide. Bank economists tend to work out their sums in an atmosphere of polished Chippendale; Treasury officials are more accustomed to "civil service" desk work. The Governor is chauffeured in a green Rolls Royce; Sir Geoffrey Howe gets a Rover from the Whitehall car pool. Mirroring the general differentials in pay, Mr Richardson earns £52,000 a year; Sir Geoffrey £36,000. (By comparison the chairman of Barclays, Mr Timothy Bevan, earns £106,000.)

Conditions even for humbler Bank employees have improved a good deal since 1767 when one of its clerks was hanged for filing down gold guineas. Treasury officials sometimes act as catalysts which promoted concerted action, says Mr Michael Bird, chairman of the UK arm of Massey-Ferguson, of the Bank's role in the company's UK debt refinancing last year. That was one of the Bank's success stories; Laker and Stone-Platt

stop.

take place in Whitehall. were two Bank "cases" which failed to pull through.

Partly as a result of evolution in government, partly because of the increasing complexity of the financial world it oversees, the Bank is moving into new areas. A combination of recession at home and serious debt problems in international banking heightens the need for a strong supervisory role.

Linking with industry have been quietly expanding. Bank officials make regular visits to companies around the country. The presence of industrialists on the Court of Directors "keeps the Governor in touch with industry," according to Sir Hector Laing of United Biscuits, one of the company chairmen who sit on the Court.

The Bank increasingly provides its "good offices" to mediate between creditor banks and companies hard-hit by recession. "The Bank played a most valuable contribution by acting as a catalyst which promoted concerted action," says Mr Michael Bird, chairman of the UK arm of Massey-Ferguson, of the Bank's role in the company's UK debt refinancing last year. That was one of the Bank's success stories; Laker and Stone-Platt

stop.

In its own backyard, the Bank's pivotal influence is, however, under challenge. The big clearing banks, which for so long have dutifully channelled their communications to government through the Bank, have begun to look for a more effective strategy.

Aware that political power-

and, all importantly, given the Chancellor's latest two Budgets, the power to tax—resides very firmly in Whitehall, the banks have been trying quietly to bypass the Bank and forge their own links with the Treasury.

Bank officials often play down wrangles with the Treasury as points of nuance. Yet on most of the burning issues of monetary technique—which are more than mere technicalities—there has been disagreement.

The Bank opposed the Treasury's decision in 1980, under its Medium-Term Financial Strategy, to set fixed monetary targets for more than one year ahead. There was considerable rejoicing in Threadneedle Street when this part of the strategy was made more "pragmatic" in this year's Budget.

At the same time, however, the Bank suffered its strongest rebuff. Overruling the well-publicised objections of Mr Richardson, Sir Geoffrey Howe in the Budget carried out the further-reaching indexation move of any western government by lifting all restrictions on index-linked gilts.

Over the setting of interest rates, the Bank won what looked like a symbolic victory last summer when it fought off the attempt of Mrs Thatcher's economic adviser, Professor Alan Walters, to move to a full-scale monetary base system for controlling the money supply.

The Bank has nominal day-to-day freedom to regulate money market interest rates within an undisclosed band set jointly with Whitehall. But the whole operation is very closely monitored from the Treasury, which has built up duplicate money market department—complete with direct telephone lines to the Bank and its own electronic video screens—to keep its eye on Threadneedle Street.

The Bank has succeeded in shifting the Government towards a more overt exchange rate policy since last year's sterling fall. But since the Treasury actually owns the Bank's currency intervention is closely controlled. Under Mrs Thatcher's free-marketeers, only "smoothing" operations are allowed—as Treasury ministers such as Mr Nigel Lawson have occasionally bent Bank ears in pointing out.

The Bank does not regard intervention—or membership of the European Monetary System—as a panacea. But its philosophical leanings in favour of some aspects of the American blocking of Iranian assets. Now after the freezing of Argentina's dollars in London, the Bank has been obliged to support national policy—but in way which has earned the approval of most international bankers.

Its reputation for even-handedness enabled the Bank to play a key role in the U.S.-Iran hostage crisis. The Bank was discreetly critical of some aspects of the American blocking of Iranian assets. Now after the freezing of Argentina's dollars in London, the Bank has been obliged to support national policy—but in way which has earned the approval of most international bankers.

In its own backyard, the Bank's pivotal influence is, however, under challenge. The big clearing banks, which for so long have dutifully channelled their communications to government through the Bank, have begun to look for a more effective strategy.

Aware that political power-

is sometimes regarded as out-of-touch. Clearing bankers still use words like "appalling" to describe the Bank's proposals on liquidity requirements for banks drawn up two years ago. They were quickly modified after the banks complained the rules would drive business from the City.

Especially when, if it is operating on behalf of the Treasury, the Bank hides behind secrecy. Even some foreign central bankers complain that the Bank plays its cards too close to its chest during routine daily foreign exchange consultations.

Intervention figures were last published (once) 10 years ago. The Governor's visitors are rarely revealed (an exception was made last year for Nancy Reagan); the Bank's independent GNP forecast is kept secret for fear of upsetting the Treasury (actually it is predicting 1 per cent growth this year, only slightly less than Whitehall); the Bank's three press spokesmen are never meant to be quoted.

The Bank's quarterly bulletins have to be scrutinised for inner meanings like Chinese wall-posters. Over the setting of interest rates, the Bank won what looked like a symbolic victory last summer when it fought off the attempt of Mrs Thatcher's economic adviser, Professor Alan Walters, to move to a full-scale monetary base system for controlling the money supply.

The difference reflects the personality of Mr Richardson. Mindful of the occasional controversies which surrounded his more free-wheeling predecessor, Sir Leslie (later Lord) Shone had a striking contrast to

Sir Geoffrey Howe

O'Brien, Mr Richardson never gives press interviews.

Bank speech-writers know him as a meticulous taskmaster. "You've got to remember that his career started as a lawyer," says a long-time friend and banking associate. "That colours his approach to 'smooth' operations are allowed—as Treasury ministers such as Mr Nigel Lawson have occasionally bent Bank ears in pointing out.

The Bank does not regard intervention—or membership of the European Monetary System—as a panacea. But its philosophical leanings in favour of some aspects of the American blocking of Iranian assets. Now after the freezing of Argentina's dollars in London, the Bank has been obliged to support national policy—but in way which has earned the approval of most international bankers.

Appearing over the past two years before the Commons' Treasury and Civil Service committee, Mr Richardson showed a "striking contrast" to Sir Geoffrey Howe, according to one senior Conservative.

## VIOLENCE IN POLAND

# A bitter scent to Spring

By Christopher Bobinski in Warsaw and David Buchan in London



Demonstrators on the streets of Warsaw this week.

**TEAR GAS** has been the bitter scent of spring for Warsaw and a dozen other Polish cities and towns in the past few days. Extensive and violent clashes between police and sympathisers of the banned Solidarity trade union have shattered the surface calm of the past five months of martial law, and led to the detention of as many as 1,372 people and injuries to police and civilians alike.

But the demonstrations have not answered the central question raised by the much-vaunted Solidarity slogan, daubed on walls just after last December 13's military crackdown. "The winter is yours, the spring will be ours." They have merely served to underline that the imposition of martial law has resolved few, if any, of the political problems which faced the country last year.

So far General Wojciech Jaruzelski and his government do not seem to have been panicked into a return to wholesale repression.

Immediately after the worst clashes, on May 3, telephone services were cut in some cities and the use of private cars banned. But these measures have since been rescinded, and General Czeslaw Kiszczak, the Interior Minister, has said that the night time curfew was only being reimposed at local authorities' discretion, not nationwide.

Speaking to the Parliament this week, the Interior Minister gave the impression that, after an emergency meeting on Tuesday of the ruling Military Council of National Salvation, no major policy shift is being considered. He said the clashes, whose extent he made no effort to conceal, might hold up the process of "normalisation," but would not reveal what he called the military regime's pursuit of "reform, dialogue and conciliation."

Gen Kiszczak has said the protests were inspired by western imperialists anxious that war in the South Atlantic had pushed the Polish crisis out of the headlines. In fact they were a classic case of what happens when a tight lid of repression is lifted an inch or two. At the start of May, the military authorities freed around 1,000, or one third of the political prisoners it has held since December, and lifted the nationwide curfew.

Even though Mr Lech Wałęsa, the Solidarity leader,

remains under detention, these gestures were designed as much as anything else to make an impression on public opinion in the West, where Nato governments have made the provision of new credit and debt relief to bankrupt Poland conditional on an end to martial law and interment and resumption of a proper dialogue with leaders of Solidarity and the Catholic church. But other aspects of an easing in martial law were evident. At least until last weekend, the army had all but vanished from the streets and police had exchanged field uniforms for normal everyday dress.

But the August 1980-December 1981 period of Solidarity's rise has clearly not been forgotten.

### Authorities have lost both ground and time

gotten. Factory workers have stayed loyal to their suspended union. While they have gone back to work, if only in time enough to offset February's drastic price rises, they have by and large turned a deaf ear to officially sponsored discussions about the need to replace Solidarity with a "controlled" union movement.

Poland's student youth have stayed equally loyal to pre-martial law ideals. Warsaw university remained passive over the recent sacking of its independent-minded rector, but it was those students that provided the bulk of the weekend protesters chanting "Democracy, democracy, Solidarity, Solidarity" in the Polish capital.

Thus, while in the past five months the Polish people have recognised the superior force of the authorities—something never taken seriously by Solidarity radicals last year—the past few days have now made clear that any lasting and stable accord between rulers and ruled is going to have to include a reformed political system.

It is precisely here that the martial law authorities have lost both ground and time. General Jaruzelski has been preoccupied in refereeing an ultimately fruitless tug-of-war between hardline conservatives and moderates inside his régime that has paralysed political initiatives towards Polish society at large.

Doubtless, some conservatives will be urging a return to the full panoply of martial law in the wake of this week's protests. But General Jaruzelski is aware that in the long term this could risk a desperate, typically Polish uprising which could only be quelled with the Soviet assistance he

has sought to avoid. On the other hand, the General, with his military frame of mind, clearly has little feel for the political gestures which moderates have been urging on him.

The moderates know that the Western credit blockade bodies ill for the Polish economy and realise that gestures towards liberalisation are needed if Nato governments are to review their policy. The continuing slide in industrial production, down even from the appalling performance in 1980 and 1981, is chiefly due to lack of credit, raw materials and components from the West.

Attempts to offset this with increased help from the Communist bloc are failing flat. Not only is Poland paying more this year for Soviet oil and the like but, in the first quarter of 1982, it got less in the way of accelerated shipments than it was promised from Comecon.

But for the moment the moderates are whistling in the wind. For instance, Mr Mieczyslaw Rakowski, the deputy prime minister and former journalist who is generally reckoned to be

In fact, Mr Rakowski and his supporters seem to have little to offer the street protesters. A week earlier, he made a speech in Poznan agreeing that the authorities would in future have to submit to some form of political control by the people and that trade unions in the Polish context were the institution to do the controlling. But he gave no hope that this would be anything like a return to old-style Solidarity.

One important casualty of the latest clashes may be the conciliating role which the Church has tried to carve out for itself under martial law. By taking to the streets, the protesters were flouting the insistent advice of Cardinal Józef Glemp and the top Church hierarchy that pressure for the lifting of martial law must be peaceful.

But the Church has not escaped the ire of the authorities, as the Interior Minister made clear this week when he complained that the churches were holding special masses that provided marshalling grounds for potential protests. With martial law forbidding most forms of assembly, the only way a crowd of several thousand can gather is in a church, on the occasion of a Mass which then leads on to a street protest.

This is precisely how the demonstrations in Warsaw last weekend got underway, and a

### A new generation of underground leaders

similar sequence could occur this Saturday (significantly on the eve of the fifth monthly anniversary of martial law). When a Mass is to be said at Warsaw cathedral for Marshal Piłsudski, the pre-war Polish leader.

Mr Wałęsa remains—and it needs to be said time and again—the only person in Solidarity who has enough authority in the eyes of the Polish people, and for that matter foreign governments, to put a lasting seal on any future agreement for the governance of the country.

Economic Viewpoint will appear on Monday.

## Lombard

# Stop the killing straight away

By Samuel Brittan

"They now ring the bells, but they will soon wring their hands."

Sir Robert Walpole, on the declaration of war with Spain, 1739.

THE COMMANDMENT "Thou shalt not kill" has never been shamed in the letter in any country in any period of the world's history. But if the horrors of war—the bereavement of nearest and dearest, the ghastly injuries and the ruin of individuals, hopes and plans—are to be justified by those leasing them, very good cause indeed has to be given. For those of us who are humanists rather than religious pacifists, the one possible justification for the suffering on the scale now occurring in the Falklands is that it is necessary to prevent the principle of not settling territorial disputes by force is more serious, even though it is more honoured in the breach than in the observance.

The question is whether any problematic strengthening of this principle—and it is problematical if the Falklands ultimately go to the Argentine, which is quite likely—is worth more in lives and suffering saved at some future date than the cost of enforcing it now. The issue is one for the whole international community; and the British political establishment, because it is a party to the dispute whose pride has been hurt, is not the best judge of the issue. If the action is an altruistic one for the sake of international good behaviour, the growing doubts of many of Britain's allies about the venture are highly relevant.

Precise suggestions are apt to be overtaken by events. But at a very minimum the British Government should accept immediately any request by the UN Secretary General, the Peruvian president, or General Haig for a cease-fire—even if it is being from Falkland waters to secure Argentine compliance.

Two reasons have been offered to justify the slaughter. The first is self-determination of the Falklands and the second is "resistance to aggression."

In this context, recent events have redoubled the importance for the Jaruzelski Government of reaching some accord with Mr Wałęsa. His recalcitrant silence during interment but it has only served to bolster the prestige of the Solidarity leader.

Mr Wałęsa remains—and it needs to be said time and again—the only person in Solidarity who has enough authority in the eyes of the Polish people, and for that matter foreign governments, to put a lasting seal on any future agreement for the governance of the country.

If the Church is now in danger of being bypassed by events, shifts are also taking place amid the underground Solidarity leadership. By the end of April these leaders, including Mr Zbigniew Bujak, the Solidarity leader from Warsaw, had scaled down their conditions for talks with the régime. They were no longer

in the position of being asked to do what they did not want to do.

Even those who do not agree with the fundamental premises of this article, but who deplore the scale of bloodshed, ought to be able to agree that the Argentine withdrawal should be the one condition of a permanent cease-fire and questions of sovereignty and self-determination left in abeyance by the British side.

### Letters to the Editor

#### The Falklands: the future for the islanders

From Mr I. Stewart-Fergusson

In the circumstances, and with "Afghanistan" at the back of one's mind, we are probably also forced into choosing between military counter-measures and a climb-down, even if diplomatic/economic retaliation is indeed permitted as part of the Government's efforts towards re-establishing the status quo. (Without the threat of military back-up, the effectiveness of such retaliation is open to question.)

Faced with President Galtieri's *fait accompli* and understandable intransigence as far as all but the most minor issues were concerned, Mr Campbell would I suppose have conceded Argentina's claim, certainly without using force against her, conceivably without even resorting to diplomatic and/or economic counter-measures—on the pretext that the fate of 1,800 islanders thousands of miles away would merit neither the risk to the Britons in Argentina itself, nor the military expenditure now being incurred on behalf of the Falklanders (an attitude which incidentally would seem to prevail also among many of the Anglo-Argentinian community, if the broadcast interviews are anything to go by).

In pure cost-benefit terms Mr Campbell is probably correct. If one disagrees with his peace-at-all-costs approach, then, on the basis of moral principles, not to read as we have done would amount to abandoning all the principles of justice and freedom which we claim to stand by. In the face of the subjugation of the Falklanders it is not difficult to imagine the howls of protest which would be raised by Mr Campbell and many others enraged at the Government's

sell-out to the Argentinians

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#### Direct labour in the health service

From the Secretary, Health Services Committee, South-East Regional Council, Trades Union Congress

Sir—You report (April 29) the publication of a document "Reservicing health" by Michael Forsyth which appears to reiterate the political platform already advanced by the Minister of Health, who wrote to health authorities on August 20 last year asking them to consider the introduction of contracts for various services, and seeking a detailed reply.

On September 28 1981 Lady McCarthy, the Oxfordshire area health authority chairman, responded indicating that even allowing for the difficulty arising from the different accounting practices between the public and private sector, "it had good reason to doubt that financial savings would result from more extensive moves towards contract services." On the one cleaning contract in the area it could be demonstrated that this cost one third more to clean than National Health Service direct labour. The contract has been terminated. An exercise on laundry services showed that a private laundry would charge four times the NHS cost. An examination of pharmaceutical products indicated considerable savings through producing fluids within the NHS. Consideration of sterile supply products compared to commercial alternatives showed no benefit by switching to the private sector, and reports from neighbouring authorities demonstrated that cost comparisons for complex sterile surgical packs are even more favourable to in-house production.

Both in the maintenance of medical equipment and transport vehicles technical staff and mechanics were being increased in order to save money because of the rapid escalation of manufacturers' maintenance costs and charges by local garages.

Trade union experience with a cleaning contract in a neighbouring authority—Buckinghamshire—revealed that a saving of £60,000 per annum would accrue if a domestic cleaning contract covering Stoke Mandeville and St John's hospitals were not relet to a private contractor but undertaken in-house.

The claims made in this pamphlet and similar political utterances appear to be based on rhetoric rather than any real study of comparative costs of providing services within the NHS and by private contractors. Keith Jerome, Baltic Exchange Chambers, 24-28 St Mary Axe, EC3.

#### Tapioca pudding from Brussels

From the President, Grain and Feed Trade Association

Sir—Your leading article of April 23 prompts me to draw attention to the European Commission's seemingly confused objectives in negotiating, or seeking to negotiate, limitations on exports of materials alternative to cereals in animal feeding stuffs, such as tapioca (manioc) or maize gluten feed.

The Commission argues that producers have a right to expect an income based on the target price for cereals, and that, to their detriment, very heavy imports of "cereal substitutes" have depressed prices to intervention levels. In British terms, this would mean that the intended level of support prices should rise from around £1.13 (the current intervention price) to £1.41, or by 20 per cent. What this implies is self-evident,

namely, the prohibition rather than the limitation, of imports of raw materials other than cereals and a swinging increase in the price of all animal feeding stuffs.

The Commission must know that its problems are caused by excessively high support prices for cereals that have increased production in 10 years from around 90m to 120m tonnes and which have made cereals increasingly uneconomic for use in animal feeding (apart from the fact that selective breeding has reduced the size of the rumen in the most productive cows that they could no longer thrive on a diet of cereals). The Commission also knows well that, had those prices been 20 per cent higher, at the level of the target price, their problems would have been unmanageable, and that, the effect on the prices of, and the consumption of, livestock products would have been very grave indeed.

To sum up, May I plead for

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## Companies and Markets

## UK COMPANY NEWS

**P & O makes £40m in second half**

**PROFITS** of Peninsular and Oriental Steam Navigation Company rebounded sharply in the second half of 1981 after the first half collapse.

The pre-tax figure for the year totalled just under £41m against £47m and was well ahead of analysts' estimates. The final dividend is being lifted to 7p a deferred share from 5p, making a total of 10p (8p).

In the first half, P & O's profits tumbled from £12.9m to £272,000 as a result of various industrial disputes and slack world trade.

P & O is hoping for an improvement in its total 1982 results. It said this year had not begun as badly as last year, but the group has had to contend with more disputes at the ports of Southampton and Middlesbrough.

The 1981 operating result of £87.7m, down from £24.7m, included a loss of £9.5m (previous year profit of £5.7m) on sale of 14 ships after deducting redundancy and other costs.

Attributable profits were slightly higher at £22.1m against £19.6m after a lower tax charge of £10.5m compared with £16.3m caused largely by a U.S. tax credit. Earnings per share were 21p (20.8p).

The attributable figure was struck after higher extraordinary

items of £14.8m (£5.8m), mainly as a result of shore staff redundancy and other costs associated with the ship sales.

Partly offsetting these were exchange rate gains of £8.1m. Group borrowings went down further by £9m to £271m, despite the addition of £3m through the decline in sterling.

Lex comments on the mood which overtook the London Stock Market yesterday following recent events in the Falklands, before moving on to consider several major results on a busy day for company news. The first-quarter downturn at General Accident turned out to be more severe than had been expected with losses of £1m against a £1.9m profit.

Sainsbury, in contrast, continues to show exceptional profits

growth with full-year figures to the end of February rising from £66m to £83m. P & O's year has finished on a stronger note than had been anticipated and the full-year outturn is £41m profit against £47m. The dividend is lifted by 25 per cent. Finally the column goes on to comment on the unfortunate experience of shareholders in NCC Energy under the leadership of Mr Graham Lacey.

£180,000,000

Gross revenue £3,212,248,000

Operating result\* £87,721,248,000

Net interest payable 37,387,37,647

Profit before tax 40,950,47,076

Taxation 10,467,16,321

Net profit 30,483,30,753

Minorities 645,1,148

Net balance 21,150,19,033

Credit 3,125,14,766

Extraordinary debit 14,783,5,778

Attributable 23,150,19,033

£m £m

Deep Sea Cargo—owned 2.5 44.9

Deep Sea Cargo—associates 9.9 16.8

Ferries 8.7 8.1

Passenger 6.9 8.8

European transport 0.2 2.0

Oil related 10.6 17.1

Building 3.7 3.1

Logistics services 0.4 1.4

Bovis 6.8 4.6

P & O property 4.7 4.6

Australia 1.9 1.8

Other overseas 1.8 1.8

Profit before tax 41.0 47.1

\* Includes 9.5m loss (£5.7m profit) on sale of ships. £ Debit. £ Loss.

The group said trading condi-

tions were difficult last year, though sterling's weakness helped the final results. Lord Inchcape, chairman, said profits suffered from port strikes and the slack trade.

The only loss-maker last year for P & O was its ferry side which had a pre-tax deficit of £6.7m (£8.1m). But 1982 is expected to show a considerable improvement. Bovis construction profits rose from £2.3m to £6.8m.

P & O intends to raise its interim dividend for 1982 from 3p to 4p for a more equal balance with the final. It said this did not imply a rise in the total.

See Lex

**J. Mowlem advances to £7.8m**

**CONSTRUCTION** group John Mowlem & Company finished 1981 with pre-tax profits ahead from £5.3m to £7.8m, helped by a first half rise from £2.5m to £3.2m. Turnover increased from £21.5m to £27.1m.

After tax and extraordinary items the attributable balance comes through unchanged at £6.1m. Profits per ordinary share are still at 42.1p (37.8p) and earnings at 34.5p (30.8p).

Shareholders are getting a 10 per cent increase in the dividend. The final is £7.825m taking the total up from 8.75p to 9.625p net.

Mr Philip Beck, the chairman, reports that the group's construction companies all performed well during the year. The balance sheet is strong, the order book stable and "we expect that the results for 1982 will again be satisfactory," he says.

During the year the group was awarded, in joint venture, a \$25.3m non-reimbursable contract by the U.S. Navy for general construction work on the island of Diego Garcia in the Indian Ocean. Joint venture partners in this contract are Raymond International and Brown & Root.

The chairman says that the first full year of the U.S. acquisition went smoothly.

POSITION. So far, exceeded its profit targets.

At the year-end ordinary shareholders' funds showed an increase from £23.8m to £24.5m—equal to 240p (216p) per share.

**• comment**

Since the better than expected interim figures, Mowlem's shares have undergone something of a rerating. Full year pre-tax profits did not disappoint up 24 per cent at £7.8m. Internal efficiencies, rather than a less competitive market, seems to lie behind an improvement in UK construction margins. The turnaround in results from associates is welcome, but £100,000 profit on a turnover of £18m still leaves

about 64 per cent on the increased dividend, and on a p/e of about 10.

**TR North America pays same**

Revenue of the TR North America Investment Trust, formerly Continental Union Trust, came out just ahead at £1.11m for the year ended March 31 1982, after all charges and tax, against £1.02m. The dividend is unchanged at 6.25p net per 25p share with a same-again final of 4.25p.

Also the directors forecast an unchanged interim distribution

much to be desired. The £36m Diego Garcia U.S. Navy contract is cost reimbursable, and a handy bedrock, following the completion of the NatWest tower block contract. Current economic difficulties in East Africa make growth prospects there uncertain, but Mowlem has wisely steered clear of non-international aid funded projects. Even after the £1.5m CPN acquisition in October, the £5.26m from last May's rights issue has helped swell net cash to over £10m, and further acquisitions are imminent. After the results the share price dropped 4p from Tuesday's all-time high, to 20.8p, yielding about 64 per cent on the increased dividend, and on a p/e of about 10.

GROSS INCOME. For the year ended 31 March 1982, gross income for 1981-82 amounted to £2.23m, compared with £1.96m, and tax was £593,655 (£502,532) which included foreign withholding taxes of £68,175 (£52,764).

Earnings per share are shown as 6.70p (6.26p) and net asset value is given as 222.2p (210.8p), after deducting prior charges at par.

H. Young Holdings, the small motor distributor, is raising £190,000 with a 1-for-1 rights issue at 25p a share.

The company will be using the proceeds to transform a distributor in Guildford into a sole Mercedes Benz distributor.

The directors forecast a loss of about £95,000 for the year ending this month. They do not intend to recommend a dividend for the year.

Firm undertakings have been received from certain shareholders to take up their entitlements for a total of 415,492 shares. The balance has been underwritten.

John Camden, CHAIRMAN

**£2.75m loss for Smith St Aubyn**

A REVERSAL of over £6m, from a profit of £3.44m to a net loss of £2.75m, is reported by discount broker and banker Smith St Aubyn (Holdings) for the year ending April 5, 1982.

The figure was struck after all expenses, recovery of tax, rebate and a transfer from contingencies reserve in Smith St Aubyn Company, against a transfer to the reserve previously. Valuation and contingencies reserves do not exceed £500,000. It is pointed out.

The severe winter weather in

the UK, the worst for a century according to GA, together with continuing poor trading conditions in the U.S., Canada, Australia and most other parts of the world, sent underwriting losses soaring from £1.57m to

£2.75m in the quarter.

Investment income rose by 21.6 per cent during the period from £24.8m to £24.3m (the underlying growth rate allowing for exchange rate fluctuations of 17.7 per cent). But this rise failed to bridge the widening gap of underwriting losses, resulting in a pre-tax loss for the quarter, against a £1.9m profit last year.

A substantial tax credit softened the net loss attributable to shareholders to £1.5m compared with a profit of £1.3m for the first quarter of last year.

Total premium income rose more than 10 per cent in sterling terms from £258.3m to £285.5m, exchange rate fluctuations trimming the underlying margin to 7.7 per cent. The solvency margin at end-April was 60 per cent now paid on June 17, 1982.

Explaining the reason for the rights issue the directors said in January that the company had made a further significant loss with the result that both inner and published reserves had been extinguished. They believed that it was essential to increase the capital base of the company in order that it may maintain an adequate level of business.

At year-end loans and deposits totalled £55.76m (£59.425m) and bills discounted were £301.35m (£211.32m). Contingent liability of commercial bills under rediscount was £1.28m (£870.18m).

• comment

Smith St Aubyn seems to have made roughly £1.5m in the last five months of its financial year—even given the favourable circumstances a fair return on an equity base that has been as low as £3m during that period.

The inference is that Smith has lost its taste for playing the gilt-edged market, even though the April balance sheet shows gilt holdings down from £30m to £4m. The Bank of England, meanwhile, has allowed Smith to run a very much larger book than its end-year real net worth of £9m might suggest, and there has certainly been plenty of bill turnover; the (very remote) contingent liability on bills under rediscount has risen from 40 to 140 times Smith's equity base. At 34p, down 3p yesterday, to give a £7.3m capitalisation of the old kilns at Rugby works, the shares are as speculative as Smith's own investment strategy.

**H. Young to raise £0.2m by rights**

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John Camden, CHAIRMAN

**GA sinks to £11m deficit in 'worst' first quarter****DIVIDENDS ANNOUNCED**

|                         | Current payment | Corr. payment | Total payment | Total for year |
|-------------------------|-----------------|---------------|---------------|----------------|
| Aberdeen Const.         | 4.77            | July 2        | 4.12          | 7.17           |
| Brixton Estate          | 1.05            | July 24       | 1.41          | 2.63*          |
| Comfort Hotels          | 0.4             | —             | 0.4           | 0.6            |
| T. Cowie                | 0.8             | —             | 0.8           | 1.6            |
| Eihar Industrial        | NIL             | —             | —             | 2              |
| Matthew Hall            | 4.03            | —             | 4.03          | 4.26*          |
| P. C. Henderson         | 7.25            | July 1        | 5.75          | 10             |
| Lon. & Prov. Shop. Int. | 0.9             | July 1        | 0.8           | 2.4            |
| Milletts Leisure        | 4               | July 15       | 4             | 8.75           |
| J. Mowlem               | 7.83            | July 1        | 8.82          | 8.75           |
| J. Sainsbury            | 2.75            | July 1        | 2.4           | 4.4            |
| Smith St. Aubyn         | 6.1             | July 23       | 5             | 9.75           |
| TR N. America           | 4.25            | June 14       | 4.25          | 6.25           |

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. + On capital increased by rights and/or acquisition issues. £ Final of 2.7p forecast.

weather, the rest coming from normal trading. The number of claims was 16 per cent higher than normal.

The group has not increased its motor premium rates for nearly two years, despite continuing rising claims costs. In an effort to recapture lost business, there are indications that a rate increase could come in August 1—two years after the last revision—though GA claims are to be still making up its mind.

The traders' account lost £6.2m, off which £4.5m came from bad weather, but the £2.8m loss in industrial fire came mostly from the rising fire damage costs in Britain and inadequate rates.

The only bright spot in the UK figures was a 5.4 per cent increase in UK premiums—slightly above last year's poor growth rate—with the company seeing personal lines business coming through. The Republic of Ireland was badly hit by weather.

Premium income in the U.S. was

rose by just 2 per cent from \$175m to \$181m, while underwriting losses nearly doubled from £2.8m to £3.6m.

The operating ratio fell from 106.32 per cent to 111.04 per cent, with the claims rate declining from 77.08 per cent to 80.28 per cent. The expense ratio fell from 29.24 per cent to 30.78 per cent—reflecting the low premium growth.

There were losses in all major lines, with the automobile account reporting a substantial deterioration from a rise in claims and from the inadequate rates. Increases in rates in several States are scheduled for the third quarter.

Trading results deteriorated in Australia and Canada, the latter being affected by bad weather, with the effects of last year's rate increase still to come

# THE PEARSON GROUP

# **RESULTS FOR 1981**

"The striking feature of our results for 1981 is the impressive performance of a number of group companies in the second half of the year. This raised attributable group profits before tax, which at the half year showed virtually no improvement, to a materially higher level for the year as a whole, £43.3 million compared with £36.7 million in 1980. In fact, in terms of money of the day, these represent record profits though my colleagues and I are well aware of the need to take account of inflation. This was achieved despite the complete failure of any recovery in economic activity to materialise during the latter months of 1981 either in the United Kingdom, or indeed in the United States, our major market overseas. Seasonal factors were stronger this year and sales achieved in the closing months of the year are critical for profitability. The tax charge is much lower for the reason stated in note 5 to the accounts.

We are recommending a final dividend which results in an effective increase of 12 per cent in the total dividend for the year over the previous year. This is justified not only by the increase in our pre-tax profits, in both historic and current cost terms, in a very difficult year, but also by the better control of working capital and cash consumption.

Our United States oil service subsidiary, Camco, continued to enjoy the surge of demand for its equipment engendered by the development of new sources of hydro-carbons outside the OPEC countries and in particular the growing number of deep oil and gas wells which make a greater proportionate use of the sophisticated equipment it produces. Otherwise none of our businesses that prospered in 1981 did so with any help from the climate in which it was operating.

Both our book companies, Longman and Penguin, achieved highly creditable results. Longman's dominant position internationally in many fields of professional publishing and English language teaching allowed it to ride out the adverse conditions at home and achieve profits well in excess of its previous peak. Penguin has shown a most imaginative approach in its publishing programme and has begun to reap the fruits of its new management's marketing and pricing policy. The improvement in its results was also helped by a reduction in its interest burden but it remains one of the most highly geared of our businesses. Lazard had another good year thanks in part to a further very strong increase in earnings from corporate finance activities. Fairey, I am glad to say, achieved something like the level of profitability expected at the time we bought it, and we are all delighted that Fairey Marine has just won a Queen's Award for export achievement.

There were, of course, some disappointments, perhaps the most conspicuous of which was the increased losses by Doulton Glass. Most of the damage came from the home improvements side where the level of business continued to fall faster than the management anticipated. You may have read that since the year end we have negotiated the sale of this business to a company run by the former management, subject to approval by that company's shareholders. We do not believe, on balance, that a direct selling operation of this nature fits easily into a group like ours and its disposal should entail a return to profitability by Doulton Glass in the future. Royal Doulton Tableware had a difficult year suffering in particular from the very severe recession in North America. Finally, Westminster Press, far from showing the hoped-for recovery, reported its lowest profits for some years. Increased competition and persisting low levels of recruitment advertising more than offset the benefits of freedom from industrial disputes.

**Group profit before tax**

Made up as follows:

|   |        |
|---|--------|
| Pearson Longman                         | £21.2m |
| Doulton                                 | £8.3m  |
| Whitehall Trust<br>inc. Lazard Brothers | £15.0m |
| Midhurst (USA)                          | £16.4m |
| Madame Tussaud's                        | £1.8m  |
| Other Interests                         | £4.8m  |

**Head Office  
Interest and expenses** (£8.0m)

|                                |         |
|--------------------------------|---------|
| Attributable profit before tax | £43.3m  |
| Attributable profit after tax  | £37.3m  |
| Earnings per ordinary share    | 52.9p   |
| Dividends per ordinary share   | 11.2p   |
| Turnover                       | £702.2m |

# S. PEARSON & SON

To: the Registrar (CAP 3/4), S. Pearson & Son plc,  
Lloyds Bank Plc, Registrar's Department,  
Goring-by-Sea, Worthing, W. Sussex BN12 6DA.  
  
Please send me a copy of the 1981 Annual Report.

---

Name

In the case of Blackwell Land we swung from feast to famine. A combination of poor yields and lower prices produced a loss which one must inevitably accept from time to time in an agricultural undertaking.

A number of new investments more than account for the increase in net borrowing of £9.5 million. I referred in my statement last year to the increase in our holding in Cedar Point to twenty-five per cent. We also invested a further £3.2 million in Compressor Systems, largely by subscribing for new shares, and increased our holding to 34.1 per cent. This looks to be a most gratifying commitment given Compressor Systems' performance to date. The cost of the extra investment in Compressor Systems was met by subsequent sales of half our holding of Ashland Oil common shares.

Pearson Longman decided to extend its interests in television by taking a twenty-five per cent stake in Yorkshire Television when Trident had to divest itself of its controlling interest and there have been other smaller investments to strengthen and extend our existing businesses.

I mentioned a year ago your board's determination to control working capital and cash consumption. Only £1.5 million cash was absorbed by extra working capital, compared to £27 million in 1980, the good stock control of Royal Doulton Tableware contributing notably to this improvement. It will, however, require continued efforts throughout the group to maintain this progress particularly as the requirements for capital expenditure, so vital to maintain our competitive position, are likely to become more numerous as prospects begin to look brighter.

The best method of maintaining the improvement in cash flow will, of course, be to continue to improve profitability. Last year our current cost operating profits as a percentage of average capital employed went up from 4.1 per cent to 7.1 per cent. This is a step in the right direction, but there is still a long way to go, and securing a better return on our assets remains your board's principal preoccupation.

There is no doubt that the consequence of the severe economic recession in the United Kingdom, and indeed throughout most of the developed economies of the West, has been to accelerate rationalisation and measures to reduce costs. This is a painful process but real rewards will follow if the restoration of growth is not long delayed. We all hope that 1982 will see some signs of such a resurgence. However, we have not based our planning for the current year on any material improvement in the level of demand for those of our businesses operating within the United Kingdom. The contribution of our employees to the fortunes of the group in these difficult times is particularly appreciated.

Enclosed with the report and accounts is a circular on two proposed schemes which will be put to shareholders for their approval at a specially convened meeting immediately after the annual general meeting. Both schemes provide an additional incentive for our employees. The schemes are fully explained in the circular and I would just like to repeat the recommendation of my colleagues and myself that we believe their introduction to be in the best interest of the company as a whole and of all its shareholders.”

**Lord Gibson  
Chairman**



# Henry Boot

**Highlights of the 1981 Annual Report and Statement of the Chairman, Mr. E. H. Boot**

Final dividend of 10p per Ordinary share recommended making a total of 13p.

Management re-organisation completed.

**TRADING - UNITED KINGDOM** Building - profitability increased - Henry Boot Scotland Limited incorporated to more clearly identify over 50 years of building activity in Scotland. Civil Engineering - turnover down - profits satisfactory despite lowest output in this industry since 1984. Homes - poor 1981 but improving: Railway Engineering - inadequate home work load but overseas markets more buoyant: Foundry - move completed: Joinery - turnover increased - profits maintained: Plant - basically 1978 hire rates remain totally inadequate.

**TRADING - INTERNATIONAL** Hong Kong - operations continue to flourish: Malaysia - prospects in long-term optimistic.

**PROPERTY AND INVESTMENT** Satisfactory. GENERAL 1982 viewed with quiet confidence despite continuing difficult trading conditions.

| SALIENT FIGURES  | 1981   | 1980    |
|--|--------|---------|
| Turnover   | £2,472 | £1,536  |
| Profit before taxation   | 1,885  | 1,704   |
| Taxation credit  | (86)   | (1,707) |
| Profit after taxation  | 1,971  | 3,411   |
| Minority share of loss of subsidiary company                               | 12     | -       |
| Profit attributable to members   | 1,963  | 3,411   |
| Ordinary dividends   | 690    | 690     |
| Earnings per 50p Ordinary share, excluding prior year taxation adjustments | 27.5p  | 27.6p   |
| Total dividend per Ordinary share  | 13p    | 13p     |

Copies of the Report and Accounts obtainable from the Secretary, Henry Boot & Sons PLC, Banner Cross Hall, Sheffield, S11 9PD

**TRADING - UNITED KINGDOM** Building, Civil Engineering, Homes, Railway Engineering, Foundry, Joinery, Plant

**TRADING - INTERNATIONAL** Civil Engineering, Railway Engineering, Landscaping

**PROPERTY AND INVESTMENT** Development, Property, Mortgage Finance

## Companies and Markets

## BIDS AND DEALS

# Cook to buy BMCT stake in NCC

BY RAY MAUGHAN

**THE RECEIVERS** of Birmingham & Midland Counties Trust, the private investment dealing company controlled by Mr Graham Ferguson Lacey and Mr Cecil McBride, have found a buyer for the company's principal asset, a 36.2 per cent stake in financing its 20 per cent stake in Simplicity. It is now understood that Banque Brussels Lambert and Marine Midland were jointly owed about \$25m in this connection.

The holding in NCC is to be acquired by Cook International, a quoted group which once had extensive interests in grain trading and is now best known for its involvement in pest control and insurance broking.

Cook is picking up the receiver's holding for 25p per share. This compares with a peak of 112p per share earlier this year and a suspension price of 35p per share. NCC's quote was frozen at the beginning of last week when its difficulties in effecting a merger with Simplicity Pattern, the cash-rich U.S.

group, had become urgently obvious.

The deal with Cook had been agreed in outline at the end of last week but it then became apparent that NCC had incurred hitherto unrevealed liabilities in financing its 20 per cent stake in Simplicity. It is now understood that Banque Brussels Lambert and Marine Midland were jointly owed about \$25m in this connection.

Cook had acquired 9.4 per cent of NCC last December by way of a put option against Mr Lacey and Mr McBride at a price of 100p per NCC share.

Cook has exercised this option but it has not yet been completed by the other parties and Cook may take legal action to ensure that the contract is closed. NCC's stake in Simplicity, which even at recent depressed price levels is worth more than Cook's price for NCC, is expected to be sold quickly. Among the prospective buyers are Mr Victor Posner's South Eastern Public Services, which sold NCC much

chairman. Other Cook appointments to the NCC board are Mr E. Patry, Mr J. McLeary and Mr P. Thompson, NCC's finance director, Mr Alan Dodd, will stay on as an executive.

The new board said yesterday that it "intends to put in hand immediately a thorough review of the business activities, assets and liabilities of the company, including an independent accountant's report."

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of its original Simplicity holding a year ago.

Another candidate is Mr Carl Icahn, who blocked NCC's intended merger by subsequently buying a 13.3 per cent in Simplicity. Mr Alan Bond, head of the fast-expanding Australian mineral resources group, Bond Corporation, later acquired that holding and committed its backing to NCC, but has recently dropped all dealings with Mr Icahn.

The receivers were appointed last week by Northern Bank Development Corporation, a subsidiary of Midland Bank, which has lent BMCT an estimated \$10m secured on the value of its holding in NCC. Cook's offer is "believed by Northern Bank to provide the best protection of the interest of NCC and the other shareholders."

Cook's offer will lapse on a review to the Monopolies Commission but it will be renewed if the Government decides that the acquisition may proceed." See Lex

## Charterhall buys 70% of Radial Resources

Charterhall, the natural resources investment holding company, has agreed to buy 70 per cent of Radial Resources, a Calgary, Alberta-based oil and gas exploration company in a deal worth \$452,000 (£207,500) and to inject further cash into the company.

The acquisition is conditional upon the approval of the Canadian Foreign Investment Review Agency, but Charterhall believes that this will be forthcoming.

Charterhall is acquiring 1,413,758 Radial shares at an

average price of 32 cents. It also intends to inject further funds into Radial to build up the company's business.

Charterhall is particularly keen to develop Radial's listed company status on the Alberta and British Columbia stock markets and also to take advantage of a Canadian company's position in future undertakings.

The Canadian government's energy policy gives significant advantages to Canadian owned companies, although Charterhall says it is unlikely to reduce its holding below 50 per cent.

Mr Derek Williams, the Charterhall chairman and chief executive, said yesterday that acquisition would make available to the company an established Canadian office and management team.

Radial was established in 1974 and has assets in Alberta and British Columbia. The eventual aim is to merge Radial with Charterhall's Canadian subsidiary.

Charterhall has agreed

with the Sketchley takeover, it has also been accepted in principle by four members of the Gilbow

family who control 58 per cent of the ordinary shares.

Rentex is based in New Jersey and operates in six states of the U.S. It earned \$1.2m on revenues of \$38.7m in the year to last November. Shareholders' funds then amounted to \$12.6m.

Until last Monday, the company appeared to be heading for a very different future. Mr Bernard Gilbow, Rentex's president, and Mr Herman Gilbow, its chairman, were intending to participate with a group of private investors in a leveraged management buy-out of the company's assets. These would have been hived down into another company for the purpose, leaving Rentex's other shareholders in possession of a closed investment company.

Mr Gerald Wightman, Sketchley's chairman, said simply that the new deal "looked a better one" to the Rentex board and he expected final completion very shortly.

The Gilbow family would retain the management of Rentex, said Mr Wightman, whose board has been advised by Morgan Grenfell in London and New York.

Sketchley is already planning two further major U.S. acquisitions in the liner rental business which will be based upon Rentex. More particularly the UK company will be looking to Rentex for expertise with which to develop its hospital liner rentals business in this country as well as the U.S. Hospitals at present account for about 35 per cent of Rentex's total customer base.

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Last month S. Pearson, whose activities range from banking to industrial and leisure interests, made an offer worth £22m for the publicly held minority interest of 36.4 per cent in the group's separately quoted subsidiary, Pearson Longman.

In the offer document the independent directors of Pearson Longman, who are not also directors of S. Pearson or associated with the Pearson family, say that they have decided to recommend shareholders to accept the offer.

Since it first obtained a listing on the Stock Exchange in 1967 Pearson Longman has operated as a subsidiary of S. Pearson. "It has long been felt, however, that significant advantages to both sets of shareholders would accrue from a full merger of the two companies," say the directors.

The merger would remove the inherent limitations and difficulties when two separately listed companies with different sets of shareholders form part of the same group. It would also give greater freedom to make the best use of financial resources in a tax efficient manner within a single expanded organisation.

Both boards also believed that, on appropriate terms, Pearson Longman holders would benefit by exchanging their shares for an interest in a more broadly based and less cyclical range of businesses while retaining a major stake in the publishing sector.

The offer is 22 Pearson shares for every 15 existing Pearson Longman shares, together with a full cash alternative. The recommendation of the offer takes account of the price offered, the availability of a full cash alternative, the relative trading performances of Pearson and Pearson Longman in recent years, the prospects for both companies, and the commercial arguments in favour of a merger with Pearsons.

**SHARE STAKES** Burton Group — Raymond M. Burton, director, sold 30,000 ordinary shares on April 29. W. Michael Wood, a director, bought 30,000 warrants on April 30.

Albert Fisher Group — Following recent rights issue A. S. Miller, director, now holds 867,180 ordinary shares (14.45 per cent) and P. C. Colling, a director, 3,238 ordinary shares. In addition, P. D. Brown holds 689,160 (11.65 per cent).

## LONDON TRADED OPTIONS

May 6, Total Contracts 1,388 Calls 1,151 Puts 437

July Oct Jan

| Option         | Exercise price | Closing offer | Vol. | Closing offer | Vol. | Closing offer | Vol. | Equity close |
|----------------|----------------|---------------|------|---------------|------|---------------|------|--------------|
| BP (c)         | 280            | 42            | 4    | 50            | 1    | 44            | —    | 310p         |
| BP (c)         | 300            | 50            | 12   | 52            | 13   | 25            | 8    | —            |
| BP (c)         | 320            | 52            | 12   | 53            | 13   | 25            | 12   | —            |
| BP (c)         | 330            | 52            | 2    | 54            | 1    | 27            | —    | 328p         |
| GU (d)         | 140            | 6             | 10   | 11            | 1    | 14            | —    | 128p         |
| Coca. Gia. (c) | 420            | 14            | 5    | 20            | 1    | 27            | —    | 387p         |
| Crude. (c)     | 280            | 12            | 1    | 28            | 1    | 15            | —    | 35p          |
| Crude. (c)     | 300            | 11            | 8    | 24            | 1    | 12            | —    | 35p          |
| Crude. (c)     | 320            | 6             | 30   | 9             | 1    | 12            | —    | 35p          |
| GEO (c)        | 800            | 62            | 8    | 110           | 1    | 182           | —    | 362p         |
| GEO (c)        | 850            | 43            | 6    | 75            | —    | 225           | —    | —            |
| GEO (c)        | 900            | 52            | 6    | 102           | 1    | 184           | —    | 360p         |
| GEO (c)        | 950            | 52            | 32   | 102           | 10   | 205           | 12   | 312p         |
| GEO (c)        | 1000           | 19            | 14   | 124           | 4    | 205           | —    | —            |
| Grd Met. (c)   | 120            | 17            | 17   | 21            | 1    | 25            | —    | —            |
| Grd Met. (c)   | 140            | 17            | 17   | 21            | 1    | 25            | —    | —            |
| Grd Met. (c)   | 160            | 17            | 17   | 21            | 1    | 25            | —    | —            |
| Grd Met. (c)   | 180            | 17            | 17   | 21            | 1    | 25            | —    | —            |
| Grd Met. (c)   | 200            | 17            | 17   | 21            | 1    | 25            | —    | —            |
| Grd Met. (c)   | 220            | 15            | 64   | 22            | 1    | 26            | —    | —            |
| Grd Met. (c)   | 240            | 32            | 7    | 42            | —    | 30            | —    | 322p         |
| Grd Met. (c)   | 260            | 15            | 25   | 28            | 1    | 30            | —    | —            |
| Grd Met. (c)   | 280            | 14            | 6    | 24            | 1    | 26            | —    | —            |
| Grd Met. (c)   | 300            | 20            | 34   | 24            | 1    | 26            | —    | —            |
| Grd Met. (c)   | 320            | 42            | 5    | 46            | —    | —             | —    | —            |
| Land Sec. (c)  | 280            | 19            | 8    | 28            | —    | 37            | —    | 385p         |
| Mks & Sp. (c)  | 150            | 39            | 2    | 52            | —    | 158p          | —    | —            |
| Mks & Sp. (c)  | 170            | 22            | 8    | 32            | 5    | 40            | —    | 406p         |
| Shell (b)      | 320            | 35            | 8    | 44            | 1    | 52            | —    | —            |
| Shell (b)      | 350            | 6             | 52   | 25            | 1    | 52            | —    | —            |
| Shell (b)      | 360            | 14            | 22   | 34            | 1    | 52            | —    | —            |
| Shell (b)      | 380            | 26            | 3    | 40            | 1    | 52            | —    | —            |
| —              | —              | —             | —    | —             | —    | —             | —    | —            |
| May            | —              | —             | —    | —             | —    | —             | —    | —            |
| Barclays (c)   | 428            | 3             | —    |               |      |               |      |              |





# CHARTERHOUSE

The Charterhouse Group plc  
1981

Mr Nigel Mobbs reports

**The Group**

The group made good progress in 1981 despite the worldwide recession. With the enlarged merchant bank under new direction and further divestment within the industrial sector a new, more aggressive strategy was pursued. There was, as a result, a substantial increase in the amount invested in new and existing companies in the United Kingdom, France and North America and this continues.

**Results**

Group profit before taxation increased by 40 per cent, a commendable performance in the depressed economic climate. The attributable profit after taxation suffered from a high tax charge caused by the non tax-relievable profit arising in overseas territories and in associated companies, notably Charterhouse Petroleum, which also suffered the first imposition of Supplementary Petroleum Duty.

|   | 1981   | 1980  |
|---|--------|-------|
| Results in brief                                  |        |       |
| Capital employed                                  | 158.4  | 143.2 |
| Shareholders' funds                               | 114.6  | 117.1 |
| *Profit before interest                           | 31.2   | 23.8  |
| *Profit before taxation                           | 22.6   | 16.1  |
| *Profit after taxation before extraordinary items | 11.0   | 11.7  |
| Earnings per ordinary share                       | 7.12p  | 9.64p |
| Dividends per ordinary share                      | 4.925p | 4.51p |

\* Including the profit of the bank after transfer to inner reserve

**Dividend**

The directors recommend an increased final dividend of 3.0 pence per Ordinary Share which, when aggregated with the interim payment, amounts to 4.925 pence for the year.

**Investments**

Profits from development capital activities were particularly encouraging in 1981. £14 million was invested in seventeen companies during the year in the United Kingdom, France and North America. The group continues to invest actively both as a minority and a majority shareholder. Although the recession continued, some companies managed to perform outstandingly well. Newage Engineers, which manufactures alternators, had an excellent year both at home and in its export markets. Building products, tool hire and the industrial distribution sector generally were badly hit but are now more optimistic about the future. In France, Groupe Expand, which provides promotional services for pharmaceutical companies, more than doubled its profits and continues to grow.

**Banking**

The bank's activities and strategy have been carefully reviewed and the management team strengthened by new appointments. The sale of Holding Financier, the holding company of the Swiss and French banking operations of Keyser Ullmann, was completed in September 1981.

The Charterhouse Japhet Act, concerning the integration of Charterhouse Japhet and Keyser Ullmann, received Royal Assent in April 1981. This allowed all trading to be conducted in the name of Charterhouse Japhet with effect from the 1st June 1981.

The results for 1981 begin to reflect the benefits of the merger, including increased business opportunities resulting from the enlarged capital base. I have every confidence that we shall go from strength to strength in our now sizeable merchant bank.

**The future**

The planned strategy which the group has been developing in recent years is now beginning to produce success and a more aggressive investment policy is being pursued.

The strong operational performance of the group in 1981 arose from its policy of establishing a substantial merchant bank, creating a broadly based international investment portfolio, and supporting managements with successful and proven track records. The wide range of the group's investments will continue to play an important part in its defence against unfavourable economic events.

Nigel Mobbs Chairman

Copies of the Annual Report of The Charterhouse Group plc are available from:  
Group Communications Department, 25 Milk Street, London EC2V 8JE. Telephone (01) 606 7070.

This advertisement complies with the requirements of the Council of The Stock Exchange.  
It does not constitute an offer of or invitation to subscribe for or purchase any securities.

U.S.\$100,000,000

**SEK**

## AB Svensk Exportkredit

(Swedish Export Credit Corporation)  
(Incorporated in Sweden with limited liability)

14 3/4% Bonds Due May 15, 1990

The following have agreed to subscribe for the Bonds:

Goldman Sachs International Corp.

Credit Suisse First Boston Limited

Skandinaviska Enskilda Banken

Credit Commercial de France

The Nikko Securities Co., (Europe) Ltd.

S. G. Warburg & Co. Ltd.

Morgan Stanley International

PKbanken

Svenska Handelsbanken

Manufacturers Hanover Limited

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Sparbankernas Bank

The Bonds, in denominations of U.S.\$5,000, with an issue price of 99.50 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject to the issue of the temporary Bond. Interest is payable annually in arrears on May 15, commencing on May 15, 1983.

Particulars of the Bonds are available in the Exel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including May 20, 1982 from the broker to the issue:

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN

Companies and Markets

## UK COMPANY NEWS

### Matthew Hall on target with £10m

#### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Shareholders are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final, and the subdivisions shown below are based mainly on last year's timetable.

#### TODAY

Interiors: Kwik Save Discount M.Y. Gart, Mew England, Richards, Royal Bank of Scotland, Sunta Behra Rubber Estates, Thames Investment and Securities, Transval Consolidated Land and Exploration.

Finales—

Horizon ..... May 26

Northern American Trust ..... May 18

Plesszwaren ..... May 20

Finals—

Cosmair ..... May 11

Fox Castle Electronics ..... May 19

Gulf Royalty International ..... May 17

Land Securities Invest. Trust ..... May 17

Matrix ..... May 14

Norden and Peacock ..... May 12

Ovations Investments ..... May 7

Selincourt ..... May 17

Saurier (Jafferson) ..... May 12

Zambia Consolidated Copper Mines ..... May 10

but acquisitions "are not easy to find."

#### • comment

At the trading level, Matthew Hall's progress in 1981 has emerged at a not very inspiring 3.2 per cent, superficially giving a little retrospective justification to the recent slippage in the share price from a 1982 peak of 23p to 19p yesterday. The comparison with 1980 is rendered unflattering by an extra £1m or so of development costs written off this time; in the absence of which profits on the engineering side might have risen by about 15 per cent, whereas they actually fell by a tenth. Hall's £10m profit forecast has been achieved, with a little to spare, thanks largely to a 22 per cent jump in interest income. Even after the acquisition of Barnard and Burk—which gives the group a footing in the U.S. contracting scene—not cash at the year-end was something over £26m. Roughly half is tied up in contracts, but the remainder is free to finance another acquisition, if anything suitable can be found. The funds are held in sterling, so at lower average rates, they may prove less productive this year. Against that, B and B ought to contribute about £1m, and the order position is a little better (except possibly in mining projects). Yielding 3.8 per cent on a fully-taxed historic multiple of 13, the shares are still at a premium to those of Hall's competitors, but less strenuously than they were a few weeks back.

## London & Provincial Shop rises

PRE-TAX profits of London and Provincial Shop Centres (Holdings) expanded from £248,000 to £306,000 for the half-year ended December 25, 1981, and directors forecast a total figure of £590,000 for the 12 months. Profits last year amounted to £254,000 for this property developer and investment concern.

From earnings per 10p share of 2.3p (1.1p) the interim dividend is increased to 0.9p (0.6p) net.

Gross rental income went ahead from £1.42m to £1.59m at halfway—this is expected to rise to about £2.1m (£2.9m) for the year—and the pre-tax figure will, after lower interest, of £913,000 (£1.02m).

An independent professional valuation of the group's investment properties is to be carried out as at June 24, 1982.

The tax charge for the six months takes £263,000, leaving an available balance of £423,000 (£118,000).

## VOLVO

Notice is hereby given that the Annual General Meeting of AB Volvo will be held at Svenska Mässan, Gothenburg, Sweden on Wednesday, May 26th, 1982 at 4.30 p.m.

The Annual General Meeting shall be convened to consider matters prescribed by law and the Articles of Association of the Company, including the following: presentation of the Annual Report and Auditors' Report for the year 1981, adoption of the Company's income statement and balance sheet, the group income statement and balance sheet, disposition of the profit shown in the balance sheet adopted, the release from liability of the members of the Board of Directors and the Managing Director, determination of the number of board members and deputy members to be elected by the Meeting, establishment of fees for the Board of Directors and the auditors, election of the board members, auditors and deputy auditors.

The Meeting shall also consider a proposal by the Board of Directors that the Articles of Association be amended in order to vary the places in which the Annual General Meeting may be held.

It is proposed that, subject to approval by the Meeting, the dividend will be paid on June 7th, 1982 to Shareholders registered on May 28th, 1982.

In order to take part in the Annual General Meeting, Shareholders must be registered in their own name at the Swedish Securities Register Centre (VPC) by May 14th, 1982 and must also notify AB Volvo of their intention to participate not later than 12.00 noon, Friday, May 21st, 1982. Shares registered in the name of nominees should be temporarily re-registered in the names of the Shareholders themselves to enable them to participate. Several banking days should be allowed for re-registration to be effected. Holders of subscription certificates are to be regarded as Shareholders for this purpose.

Notification of participation in the Annual General Meeting may be given:

By telephone, by calling 4631-59 21 50 (direct number) or via the Volvo switchboard, 4631-59 00 00.

By mail, addressed to Legal Department, AB Volvo, S-405 08 Gothenburg, Sweden.

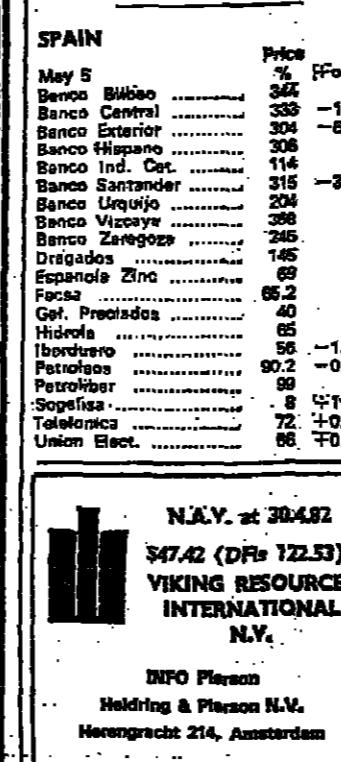
In providing such notification, the Shareholder should state his Name, Personal (registration) Number and Address and Telephone Number.

Shareholders wishing to appoint a proxy to participate in the business of the Meeting on their behalf should notify the Company well in advance of the Meeting, giving the name of their proxy. A proxy need not be a Shareholder of AB Volvo.

#### By Order of the Board

Claes Beyer, Secretary, AB Volvo  
S-405 08 Gothenburg, Sweden.

May 6th, 1982



## MINING NEWS

## Seltrust structure to be changed

By GEORGE MILLING-STANLEY

THE financially-troubled Australian mining group Seltrust Holdings has told the Perth Stock Exchange that it is "considering a proposal to modify the share structure of the company."

British Petroleum has a 78.8 per cent interest in Seltrust Holdings through its Selection Trust subsidiary.

Yesterday's statement, made in response to a request late last week from the exchange authorities, went on to say that a decision will be made in the next few days, and a further announcement will then be issued.

The likelihood is that this brief statement does not herald

the major reorganisation of BP's diverse mineral interests in Australia, which has been widely advocated.

More probably, it will involve moves to relieve BP of its embarrassment at the Australian group's inability to pay the dividends due on its "Z" preference capital.

The betting among London analysts is that BP has decided to offer "Z" shareholders the option of converting into "A" ordinary shares, on terms somewhat more generous than the present one-for-one rate.

Seltrust, "A" closed 7p lower at 47p in London yesterday, with the "Z" shares down 4p at 78p.

## Improvement at Gopeng

INCREASES IN both tin concentrate output and the average price received boosted profits of the Malaysian tin producer Gopeng Consolidated for the six months to March 31.

Tin concentrate output rose by more than half to 1,180 tonnes, and the price received was up from \$3.837 per tonne to \$4.954. Consequently, pre-tax profits rose to \$2.64m from \$1.8m in the first half of the last financial year.

Another Malaysian tin producer, Pengkalan, managed to produce 30.5 tonnes in the same period, up from 28 tonnes, in spite of the fact that the com-

pany was forced to put its single dredge on a care and maintenance basis early this year following the exhaustion of all available mining land.

Pengkalan lost £36,750 before tax in the six months, compared with a loss last time of £14,250.

The company said that its insurance claim resulting from the sinking and subsequent rehabilitation of its dredge has now been agreed, and settlement is imminent.

Pengkalan said it is continuing its investigations into specific alternative mining possibilities in Malaysia.

## International round-up

South African gold production rose slightly in March to 1,723,537 ounces from 1,704,839 ounces in February, but was well down on the 1,781,384 ounces produced in March of last year, according to figures from the Chamber of Mines.

The total for the first three months of the year was running below that for the same stage of 1981 at 5,110,900 ounces against 5,334,652 ounces.

New oil shale deposits have been discovered in the Rehovot district of Israel's Negev Desert, reports L. Daniel from Tel Aviv.

The deposits, totalling 1bn tonnes, increase the country's known reserves by 30 per cent, mostly situated in the Negev.

The Israeli authorities are investigating the possibility of using foreign technology to extract oil from the rock, and also financing local research into new techniques.

Canada's state-owned uranium company Eldorado Nuclear is to acquire the outstanding shares in Gulf Minerals Canada in return for uranium concentrates it is holding in stock. Gulf Minerals, a subsidiary of Gulf Oil of the U.S., has a uranium

subsidiary of Fluor of the U.S., has signed a contract with the China National Coal Development Corporation to modernise and expand the Fushun West open pit mine in Liaoning Province.

The project will cost a total of some \$50m (£28m), but Fluor has not revealed the amount it will receive.

Recent drilling at Orrwell Energy's natural flake graphite find near Mont Laurier, Quebec, has boosted indicated reserves of high-grade ore to just over 10 million tonnes, grading at least 9 per cent graphitic carbon.

The mineral has strategic applications in the nuclear reactor, military aircraft and space industries. More than half of current world output comes from the Soviet Union, China and North Korea, with none from the U.S., the world's biggest consumer.

## Key to 'restoration' of Low &amp; Bonar's fortunes

THE KEY factors in the restoration of Low & Bonar's fortunes are its restructuring, further improved efficiency of manufacturing activities, the reduction of overheads and the concentration on growth areas, Mr A. J. Miller, the retiring chairman, says in his annual report.

He adds that with fundamental changes taking place in recent years, particularly in the UK economy, it is group policy to identify areas of growth and future profits.

The group, he points out, is withdrawing from activities which do not fit such prospects and is after concentrating its resources in growth areas — its investment in Flotex, travel in the UK and Australia, and in

packaging, both in the UK and Canada, are given as examples of this policy.

The group's activities in Africa are substantial and will expand but "only by the utilisation of funds generated locally."

As reported on March 30, group pre-tax profits for the year to November 30, 1981 declined from £7.64m to £5.1m. The consolidated balance sheet shows fixed assets at £34.29m (£21.4m net) and current assets at £26.88m (£26.68m). Shareholders' funds totalled £51.04m (£45.12m).

Mr. Miller will retire from the board at the annual meeting, scheduled to be held at Dundee on June 1. He will be succeeded by Mr D. H. de Trafford, at present deputy chairman.



Industrial Diamond Company Ltd

of London

in association with IDC. (Overseas) SA announce the purchase of the entire share capital of

American Boarls Crushing Company Inc

of New York, USA

## Associate Director

for independent and profitable financial/corporate advertising agency (London)

A unique opportunity has arisen for a senior person to join a very successful, small specialist City agency. Applicants should be fully conversant with all aspects of financial, corporate and investment publicity for British and overseas clients.

Probably between 28-38, they should have at least 7 years agency experience; an ability to converse in French would be a distinct advantage.

A salary of around £14,000 is envisaged together with a car, BUPA and non-contributory pension scheme.

Please write, in complete confidence, to the Managing Director, Box F3168, Financial Times, 10 Cannon Street, London EC4P 4BY

## Sainsbury profits surge over £21m to £83.4m

IN WHAT Sir John Sainsbury, chairman of food group J. Sainsbury, describes as another year of highly successful trading, pre-tax profits expanded by £21.36m to a record £83.42m for the period ended February 27, 1982. The result was after staff profit sharing of £8.68m (£2.37m),

Associates share at the year end was £5.1m (£1.37m).

From yearly earnings per 25p share of 23.4p (17.74p) the dividend is effectively raised to 28.75p (25p adjusted) with a final distribution of 6.5p net.

Also proposed is a one-for-one scrip issue.

Sir John says that a record new selling area was opened during the year. The group's 17 new stores, which have a total sales area of 358,000 sq ft, exceeded their anticipated level of initial trade with those at Leeds, Walthamstow and Nine Elms "particularly outstanding."

A similar opening programme is planned for the current year and will include four stores in the north west of England: Birkenhead, Liverpool, Preston

See Lex

## Corrective costs deepen Elbar's losses

RECTIFICATION costs of £878,787 helped push Elbar Industrial deeper in the red in 1981. This vehicle and agricultural machinery dealer and engineer reports losses of £2.26m against £1.62m. The rectification costs appear above the line as an exceptional loss. No dividend for the year is being paid — last year's total was 2p, split between the interim and final.

The directors explain that in May last year, Elbar Engineering, a subsidiary, delivered to a customer what appeared to be a satisfactory and profitable contract for isolation tanks for a North Sea oil rig. Following delivery, failings were found,

which proved to be quite serious. Rectification work was required on a major scale and within very narrow time limits in order to avoid delaying the float-out date of the rig.

At halfway, the group increased its losses from £393,570 to £948,512.

Turnover for the year improved from £25.8m to £26.6m, and operating profits were higher at £460,000 against £76,000. There were associates losses of £9.50k (£10,000) and interest charges were up from £1.71m to £1.83m.

After a tax credit of £5,000 (£541,000) there was a loss per 50p share of 35.65p (£5.00p).

The directors say that Elbar Engineering, mainly as a result

of the disruption to its business, suffered further losses during 1981, which by the end of the year had totalled nearly £1.3m. Since the end of the year, the group has disposed of Elbar Engineering without further loss.

Sales by Industrial Engines (Sales) before the end of the financial year were considerably less than expected. Large stocks of generators were sent to Iran for the October Fair, in Baghdad, and a substantial quantity remained unsold. Both these factors have resulted in a higher average level of borrowings than expected, they say, with the consequent effect on interest charges.

## Through a difficult year with increased profits



Lord Boyd-Carpenter

- Pre-tax profits 10% higher — dividend up
- Benefits felt of very heavy capital investment
- All overseas interests improving
- "Gleams of light ahead"

The following are extracts from the speech to shareholders by The Rt Hon. Lord Boyd-Carpenter, DL, Chairman.

In my speech last year the essence of the message which I tried to convey was my confidence that we could and would survive the combined impact of a world depression and a low level of activity in the construction industry in the United Kingdom. In hard weather it is the hardy who survive. But I certainly would not last year have dared to suggest that I expected that in 1981 we should produce higher pre-tax profits than those of 1980. Yet this is what I can now report.

I think it is useful to seek to analyse why this has been so. First we have made vigorous efforts to improve our service to customers. We have had in mind the truth of the placard which I saw recently in the plant of which we are part owners in Pennsylvania, "CUSTOMERS MAKE PAY DAY POSSIBLE". This has been successful to the extent that it helped to offset the fall in demand so far as our Company was concerned. Secondly, we have been able to contain our costs by concentrating our production effort on our energy economical new plant. This new plant has involved very heavy capital investment notably at our Rochester and Southampton Works. This investment has turned out to have been well-timed. It is helping us to keep our costs down through a period of depression. And it has provided a reserve of capacity to enable us to take full advantage of the recovery when it comes.

**CEMENT MANUFACTURE IN THE U.K.**  
1981 began with the same low level of demand which had been experienced in the latter part of 1980. In the second half of the year there was a modest upturn but sufficient to confirm my forecast in our half-yearly statement that the reduction in Group profits in the first half of the year would be "more than offset by the end of the year". But with the severe weather in December bringing most sites to a standstill the year finished on a disappointing note.

Nevertheless, recent developments and modernisation at our works enabled the Company to meet the fluctuating demand pattern for bulk and packed cement with a high standard of service. Particular progress was made with the handling and delivery of packed cement and results fully justified the high capital cost of installing automatic loading and palletising facilities.

Since the weather improved, demand has improved with it.

**OVERSEAS**  
Our Australian subsidiary, Cockburn Cement Limited, has had a somewhat mixed year although its results for 1981 show an improvement on 1980 both in terms of profit and in cement and lime sales — indeed, the tonnage of cement delivered during this year was the highest since 1978. The first shipment of cement in bulk was made to the new Darwin Depot late in September last year. There is every indication that the Northern Territory will develop into an important and useful additional market for Cockburn Cement.

The Parmelia Hotel increased its contribution to the Group's profit by 40%, although half of this improvement was due to the strengthening of the Australian dollar against sterling.

In the United States, despite the effects of the present recession on the construction industry in the North East of the U.S.A., our newly acquired associated company, U.S. Cement Inc., through its 100% subsidiary, Hercules Cement Company, succeeded in improving both its sales and its share of the market.

**EMPLOYEE RELATIONS**  
During the late spring and early summer the cement industry as a whole

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

## GMAC Overseas Finance Corporation N.V.

(Incorporated in the Netherlands Antilles)

U.S.\$125,000,000

15% Notes due May 17, 1989

Unconditionally guaranteed as to payment of principal and interest by

## General Motors Acceptance Corporation

(Incorporated in the State of New York, U.S.A.)

Issue Price 99%

This issue has been managed by

Chemical Bank International Limited

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Bank Bruxelles Lambert N.V.

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Crédit Lyonnais

Kleinwort, Benson Limited

Kredietbank International Group

Société Générale

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Wood Gundy Limited

Yamaichi International (Europe) Limited

The Notes, in the denomination of U.S.\$5,000 each, have been admitted to the Official List of The Stock Exchange, subject only to issue. Interest is payable annually in arrears, on May 17, first payment being made on May 17, 1983. Particulars of the Notes, and of the GMAC Overseas Finance Corporation N.V. and General Motors Acceptance Corporation, are available in the statutory forms of Extra Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including Thursday, 20th May, 1982 from the brokers to the issue — Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.

6th May 1982

RUGBY CEMENT



## COMMODITIES AND AGRICULTURE

## More U.S. energy futures plan

By Nancy Dunn in Washington

THE NEW York Mercantile Exchange, which has had the most success so far with its energy futures contracts, is expected to face increased competition if the Commodities Futures Trading Commission approves two new contracts this month.

"CFTC will consider the Chicago Board of Trade's application to trade futures in Gulf Coast heating oil on May 18 and the CFTC's proposed leaded and unleaded regular gasoline futures contracts on May 23."

Still to be scheduled for hearings are proposals to trade leaded and unleaded regular gasoline on the Chicago Mercantile Exchange and the new New York Mercantile Exchange's request to trade contracts on crude oil and options of No. 2 heating oil.

Meanwhile, the CFTC has given the New York Futures Exchange (NYFE) permission to trade futures on the New York Stock Exchange composite index of about 1,530 stocks, Reuter reported.

NYFE is expected to start trading the newest and fourth stock index futures contract today.

Sediment will be in cash and the CFTC said it advised the exchange to monitor this unusual feature closely.

Par value of the contract will be \$500 times the spot NYSE composite index.

## Fall in farm land sales

By Our Commodities Staff

THE NUMBER of reported agricultural land sales in the three months ending March 1982 were more than 50 per cent down on figures for the same period in any of the last five years according to the Ministry of Agriculture.

Up to the end of March there were 88 reported sales, covering 2,600 hectares. The average price paid was £4,169 per hectare and the average size of the lots sold was under 30 hectares for the first time in five years.

The Ministry's weighted price index (1973=100) is set at 203 for the end of March, the second highest level for this period since 1978.

## BRITISH COMMODITY MARKETS

## BASE METALS

BASE-METAL MARKETS were erratic on the London Metal Exchange. Rumours abounded regarding the Falklands conflict and copper fluctuated between £260.50 and £290.50 per tonne. Korb: Three months £7,325, 22, 20. Turnover: 2,700 tonnes.

**COPPER** — a.m. + or - p.m. + or + or Official Unofficial

Cash... 867.5 +2.5 873.4 -1.75  
5 mths 887.5 +2.5 903.5 +4.45  
Sett'mt 867.5 +2.5

Cash... 861.3 +3.8 884.6 +1.75  
5 months 885.5 +3.8 905.5 +2.25  
Sett'mt 865.5 +3.8

Turnover: 7,745

Aluminium: Metal Trading reported that in the morning cash higher grade traded at £267.67; three months £286.50, 98.95, 98.90, 889.95, 98.95, 97.5. Cathodes: Three months £291.5. Korb: Higher Grade: 889.95, 889.90, 889.85, 889.80, 889.75. Three months £302.5, 03.05, 04.05, 01.05, 02.05, 03. Cathodes: Three months £295.5. Korb: Higher Grade: Three months £303.5, 04, 05, 03. Turnover: 37,150 tonnes.

TIN — Morning: Standard: Cash £7,145, 40, 45; three months £7,230, 10, 05, 25. Korb: Standard: Three months

Turnover: 7,150 —

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Turnover: 7,150 —

On previous official close. \* Cents per pound. \*\* MS per kilo.

Nickel — Morning: Three months £3,950.

Turnover: 1,740 —

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## Gould to sell electrical business

By Our Financial Staff

**GOULD** the Illinois-based electronics and electrical products group, plans to sell a major part of its electrical products business in the current quarter.

Mr William T. Vlivaikar, chairman, said in his annual review that the operations to be sold include the low voltage distribution and controls and the electrical components operations. They are expected to have sales of about \$300m this year.

The plans are part of the group's strategy of focusing on electronics sectors where it hopes to attain maximum growth.

Mr Vlivaikar said Gould expected earnings to increase by an average of at least 15 per cent a year as result of its transformation into an electronics and electrical products group.

Gould is forecasting record earnings for 1982. Last month it reported first quarter profits from continuing operations up 10 per cent at \$20.7m.

The group's growing emphasis on electronics involved the sale in September last year of its industrial products group, and the acquisition in December of America Microsystems, a custom semi-conductor producer.

Last month, it sold its portable battery division to France's state-owned CGE for an undisclosed sum.

Gould also authorised yesterday the purchase by the group of 1.7m of its 4.4m outstanding common shares.

## Canadian Pacific profits plunge in first quarter

BY OUR FINANCIAL STAFF

**EARNINGS** at Canada's Pacific Ltd, Canada's largest transport and communications group, were sliced by twofifths in the opening quarter of this year, from C\$133.4m to C\$46.5m (\$US42.6m), and the board

CP Air subsidiary which doubled its loss to C\$20.9m in the quarter, is considering a further delay in taking delivery of the four Boeing 767 jet aircraft at present scheduled for 1985.

Mr Frederick S. Burbidge, the chairman, told the annual meeting in Montreal yesterday that even if the economic outlook improves in the latter part of this year "it is likely that profit under severe pressure for some time."

The decline was caused mainly by depressed results in the mining and forest products subsidiaries. This in turn was due to the world recession and low metal prices.

First quarter net income fell to C\$13.5m. CP Ships reported a

first quarter loss of C\$3.4m against C\$20.9m. CP Trucks' profits fell to C\$4.5m from C\$11.5m.

Earlier this week, Canadian Pacific Enterprises, the non-rail holding company of the CPL group, reported first quarter earnings of C\$69.1m or 49 cents a share, against C\$101.3m or 72 cents a year earlier.

The decline was caused mainly by depressed results in the mining and forest products subsidiaries. This in turn was due to the world recession and low metal prices.

## N Telecom drops Alfa venture

BY ROBERT GIBBONS IN MONTREAL

**NORTHERN TELECOM**, the largest manufacturer of telecommunications equipment in Canada, has dropped out of a joint venture in Mexico because of the financial problems of its partner, Grupo Industrial Alfa.

Alfa, Mexico's largest private holding company, announced on Tuesday that it was negotiating to sell to its government 12 of its 58 companies. Two weeks ago, Alfa suspended principal payments on its \$3.3bn debt because of cash flow problems.

Northern Telecom said yesterday that Telco SA, the joint venture company set up with Alfa in January 1981, has halted

construction of a C\$3m (\$US2.7m) factory intended to produce digital switching equipment at Celaya, 50 miles from Mexico City.

The factory was to make switching systems for business, partly from components and sub-assemblies exported from Canada. It was to be the base for greater penetration of the Mexican market for Northern Telecom.

For the past two years Northern Telecom has been exporting direct at a rate of almost C\$1m a year.

In the expansion programme

Telco was to provide marketing, distribution and installation.

• Bancomer SA, the largest private bank in Latin America, is confident of maintaining its leading position in Mexican banking this year. Mr Manuel Espinoza Yglesias, chairman, said that 1981—which saw Bancomer lift profits by 22 per cent to US\$158m—had been another year of growth for Mexico, by contrast with the slowdown in industrialised countries. But the devaluation of the Mexican currency in February this year renders the outlook for the bank "less predictable."

Virtually all of Armeo's business segments have been hit. Carbon steel and iron ore mining are suffering particularly badly. But the promising oil industry equipment business is also down because of the fall-off in oil and gas exploration. Mr Boone estimated that the market for oil industry goods currently has a six to 12-month surplus.

Armeo's diversification into financial services, mainly insurance, is suffering from high interest rates and the cyclical downturn in the insurance market.

The company is working at 60-65 per cent of capacity and has laid off 3,300 of its 23,000 workers. Mr Boone said many lay-offs would have to be permanent as his company sought deep-rooted improvements in productivity.

Armeo hopes for an upturn in the market towards the end of this year and could see a modest improvement in profits in the final quarter.

Even so, total steel shipments in the U.S. will be well below last year's 87m tons. Mr Robert Boni, group vice-president for the steel business, said the worst level would be 70m tons, but shipments may be about 10m tons higher.

The Armeo executives said they were cutting costs wherever they could and were going for higher cash-flow even if this meant a reduction in earnings.

Mr Malin expects the new banking venture to be capitalised by the end of July. Local bankers believe he is seeking around \$3m to \$10m.

## Banking boutique-style in Beverly Hills

BY LOUISE KEOHE IN SAN FRANCISCO

**BANKING** in Beverly Hills means providing the affluent with personal services much broader than a cheque book and a safe deposit box, according to Mr Ronald H. Malin, who plans to open the International Bank of North America (IBNA) later this year.

IBNA will cater to the rich with flattery and personal attentions. The bank office will have a boutique atmosphere, says Mr Malin, noting that boutiques do particularly well in Beverly Hills. "As a boutique bank we will co-exist comfortably with the major banks—they are the equivalent to the supermarkets," he suggests.

Mr Malin sees his typical client as a foreigner arriving in the U.S. with money to invest, the need to buy a home, and to establish local credit facilities. He will probably not speak English. IBNA will give him a ride from the airport, plush surroundings in which to discuss—in his own language—his needs, contacts in the real estate business, a mortgage, investment advice on the oil, entertainment or venture capital scene, and almost anything else he asks for, "including taking his kids to school."

Mr Malin hopes that foreign banks with clients moving to the U.S. will refer individuals

to IBNA. Even if the foreign bank has an agency in the U.S. it is usually not set up to deal with personal services, he suggests. "They will welcome the solution of handing the visitor over to us."

In IBNA's favour in attracting correspondent banking business will be the fact that it does not represent a threat to the foreign bank. "If they send him to Bank of America he may never come back to them."

"I hope that we can attract that portion of their deposits which resides in the U.S.—by building up a close relationship with them and giving good advice."

Mr Malin is unconcerned about competition from major banks which have recently set up special operations to attract affluent foreigners.

"I am starting this bank because of my frustrations in referring clients of my law practice to major banks. The headquarters of the bank may well be set up to deal with the special needs of the rich, but at the branch level those services collapse."

Mr Malin expects the new banking venture to be capitalised by the end of July. Local bankers believe he is seeking around \$3m to \$10m.

### NEW ISSUE

These Notes having been sold, this announcement appears as a matter of record only.

APRIL 1982

U.S. \$50,000,000



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# How Morgan helps treasurers make money in today's tough money markets



Four of the Morgan officers who solved a client's long-term financing problem with a foreign currency borrowing privately placed and hedged into U.S. dollars. From left, Jonathan Seem, head of the bank's Far West Department; Maureen Hendricks, International Financial Management; Robert Engel, Executive Vice President and Treasurer; Bruno Eberli, Foreign Exchange Trading.

Succeeding in world financial markets may be even tougher tomorrow than it is today. The choices are multiplying. The risks are rising. The rules—and rates—keep changing. Now, more than ever, corporate treasurers need up-to-the-minute money-market information, sound advice, timely execution. And ideas.

Any bank can lend you money at a rate. At The Morgan Bank we try to add value. How? By coming up with innovative solutions to short- or long-term financing needs. By understanding and anticipating developments in the world's money and capital markets. By helping you act in time.

Here's why treasurers of major multinationals increasingly turn to Morgan to achieve corporate funding and investing goals.

**Morgan gives you experience.** No bank knows more about the interrelated elements that affect financial markets—interest rate differentials, currency fluctuations, capital flows, central bank strategies. Around the world, around the clock, Morgan people exchange vital information and ideas. They learn what's going on, and so will you.

You'll get a global perspective—from the country-by-country analyses of our international economists to interest rate and currency judgements by our foreign exchange specialists.

**Morgan concentrates** We specialise in serving corporate, institutional, and government clients. And we've

centralised all our money-market activities in our Treasurer's Division. Whether located in New York or in other world financial centres, our traders, analysts, and portfolio managers are close to their markets and in constant communication with each other. And their expertise is readily available to all our banking officers.

This unified approach gives Morgan and its clients more speed, more contact, more knowledge than ever before.

**Morgan's needs parallel yours.** Our treasurer needs to raise funds and invest for our bank just as you do for your company. Since our interests are alike, we use the same skills, data, and advanced technology to help you that we use to manage our own portfolio and worldwide positions.

**Morgan is fast.** You'll be impressed by how quickly we respond to your requests and make major commitments. That's because we know the sources and users of funds, how to gain access to them, and the best choices to meet your corporate needs. And we're not bound by red tape. Morgan officers have the authority to make decisions on their own, on the spot.

**Morgan is a market-maker.** We make markets in U.S. government and agency securities, municipals, Eurobonds, foreign currencies. We also deal in our own and other banks' CDs.

The markets we make are large enough so that even our biggest clients can deal within them—and know that Morgan spreads will be among the most competitive they can find anywhere.

**Morgan helps you manage liquidity.** When you have surplus funds to invest we give you a choice of investment options that cover the full spectrum of money-market instruments. When you need money we provide competitive short-term credit for working capital and other purposes, in dollars and local currencies.

**Morgan is good for the long term.** Among the growing number of longer-term financing options we offer are loans for fixed assets and for project development. Morgan also arranges private placements in various currencies with U.S. and foreign investors. Through our London subsidiary, Morgan Guaranty Ltd, we're one of the fastest growing underwriters of fixed-rate, floating-rate, and convertible securities in the Eurobond market.

**Morgan gives you ideas.** Because The Morgan Bank makes major commitments as principal in both capital and foreign exchange markets, we can often help reduce the cost of your dollar and foreign currency financings. We can also show you how to reduce the effective costs of your *total* financing through efficient tax planning. We'll develop new ways to protect you against foreign exchange exposures. And we'll alert you to hedging and arbitrage opportunities.

**Morgan is ready to help.** Talk to the Morgan officer who serves you, or telephone Ettore Landi, vice president and London treasury head, Morgan Guaranty Trust Company, 1 Angel Court, London EC2R 7AE. Telephone (01) 600-2300.

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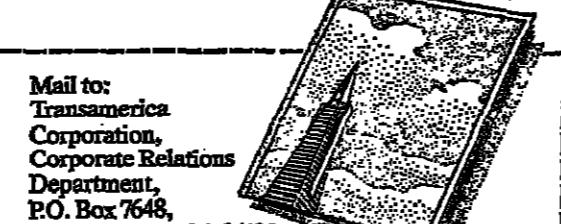
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## Companies and Markets INTL. COMPANIES & FINANCE

### Thomson-Brandt in red as TV tube losses mount

BY DAVID WHITE IN PARIS

THOMSON-BRANDT, one of the two big French electrical concerns included in the recent nationalisations, expects final 1981 figures to show a consolidated loss of FF 180m (\$30m). The loss announced by M Alain Gomez the chairman, came after a net profit of FF 502m the year before.

M Gomez attributed the setback principally to heavy deficits in colour television tubes and in the public telephone interests which it took over in the mid-1970s from ITT and Ericsson.

Thomson has been cutting capacity at its TV tube unit Videocolor, for which it has taken full responsibility following last year's decision by both RCA of the U.S. and West Germany's AEG-Telefunken to withdraw their equity holdings.

At the same time, the group has faced problems launching a new digital telephone exchange. This system, the MT 20, made by the majority owned electronics offshoot Thomson-CSF, is designed to rival the successful E10 model made by its competitor CIT-Alcatel, also now state-controlled.

M Gomez said that the group's medical and electronic components activities also weighed heavily on the overall result.

About FF 80m of the total loss resulted from Thomson-CSF and its subsidiaries. This includes the semi-conductor branch which appears set to take a leading role in French Government strategy in this sector.

Group turnover increased to FF 43.6bn from FF 36.5bn. This included the incorporation

of new interests such as the whole of Videocolor's sales of FF 800m. On a comparable basis, the increase was just under 14 per cent.

Sales outside France accounted for 46 per cent of the total. Of this FF 6.1bn came from foreign subsidiaries and FF 20.1bn from direct exports.

Thomson-CSF, which turned a parent company net profit of FF 279m into a FF 63m loss, said it would omit its dividend after paying a net FF 10.50 per share for 1980.

The setback—the first time Thomson-CSF has gone into the red or failed to pay a dividend since it was formed in 1987—comes after six years of strong profit growth. Consolidated net earnings in 1980 were a record FF 307m.

### German engineer proposes share issue

By Kevin Dowd in Frankfurt

MANNESMANN, the West German steel pipe and mechanical engineering group, is raising DM 310m (\$132m) through its first rights issue for seven years.

At the same time the group is stepping up the dividend for 1981 to DM 6 per share from DM 5.50 in 1980.

After several years of weak profits, Mannesmann increased group after-tax earnings last year by DM 90m to DM 272m, an increase of 49 per cent.

Turnover worldwide rose by 18 per cent to DM 15.4bn, helped by the inclusion for the first time of Hartmann and Braun, the electrical equipment manufacturer acquired from AEG-Telefunken. Excluding Hartmann and Braun, Mannesmann sales rose by 14 per cent.

Mannesmann has been helped chiefly by the far-reaching restructuring of its pipe and steel producing operations as well as by improved results from pipe sales and trading activities.

The main growth last year came from foreign markets and more than two-thirds of turnover arose outside West Germany. Exports accounted for 80 per cent of sales of the domestically-based companies compared with 56 per cent in 1980.

Mannesmann steel pipe production rose by 14 per cent last year to 3.5m tonnes, while crude steel production increased by 6 per cent to 4.5m tonnes.

The planned rights issue will be on a one-for-eight basis at DM 125 per share. The new shares will be eligible for 1982 dividends.

Mannesmann shares have been trading this week at around DM 145.

### Upsurge at Spie Batignolles

BY TERRY DOODSWORTH IN PARIS

SPIE BATIGNOLLES, the French construction company owned by the Empain-Schneider group, is to raise FF 120.4m (\$20.6m) in a rights issue aimed at financing its overseas development and investment in offshore technology.

The company announced the one-for-three issue, at a price of FF 125, following publication of 1981 figures which showed a big boost in profits. Net consolidated profit amounted to FF 11.4m (\$1.9m) against FF 9.1m in the previous year, while cash-flow rose to FF 380m compared with FF 310m.

The group's sales also showed a high jump, going up by 32

per cent to FF 10.1bn, against FF 7.7bn in 1980. Spie Batignolles said yesterday that sales growth had continued to accelerate this year, even without taking account of the recent acquisition of Trindel, an electrical installation specialist.

The company also indicated that the take-over of Trindel marked an important step in its plan to develop an industrial automation division. Some of the cash raised by the rights issue will be injected into this area, it said.

In marked contrast to Spie, Fougerolles, another major French construction group, suffered a sharp fall in consolidated profits last year to FF 32m against FF 55.6m

in 1980. Turnover rose to FF 6.8bn against FF 4.8bn.

Talks on a possible merger between Fougerolles and Spie were begun last year, but now seem to have broken off.

At holding company level,

the two companies have common shareholders, since

Empain-Schneider is controlled by Paribus, which also has the controlling stake in Fougerolles. Since the talks were launched, Paribus has been nationalised.

• Matra, the French electronics and arms group, expects parent company net earnings this year to reach FF 250m, about 59 per cent more than in 1981. The forecast is based on a prediction that sales will rise by 22

per cent this year to FF 5.5bn.

### IBM Italia boosts income and turnover

BY JAMES BAXTER IN ROME

IBM ITALIA, the Italian subsidiary of the U.S. computer manufacturer, increased its turnover by almost 34 per cent in 1981 to L1.993bn (\$1.58bn). Net profits were up 22 per cent to L128.5bn.

In 1980 the company was the most profitable of those Italian companies which publish results. Profits were L17.8bn, almost 12 per cent of the L1.492bn turnover. Last year profits amounted to around 11 per cent of turnover.

The company increased investment spending last year by 24.8 per cent to L415bn. The workforce grew by 8 per cent to more than 12,000. The percentage of turnover exported rose by 38 per cent to L666bn.

The investment spending necessitated a large increase in borrowing, and debt increased from L58bn to L259bn.

IBM has a dominant position in the Italian market for large computers, which Olivetti, the only indigenous computer manufacturer, does not make. Its competitive position is being strengthened as it brings out smaller models.

### Schickedanz drops plans to enter U.S. market

BY OUR FRANKFURT STAFF

SCHICKEDANZ of West Germany, which includes Quelle, Western Europe's largest mail order group, has given up attempts to break into the U.S. mail order market. It said yesterday it had withdrawn its letter of intent to buy a 51 per cent stake in Aldens, the fifth largest mail order house in the U.S.

The \$20m deal has fallen through because of the shaky

finances of the Aldens' parent company, Quelle, one of America's largest retailers, which late last month had to file for protection from its creditors in a U.S. federal bankruptcy court.

Quelle has been searching for an entry into the U.S. mail order market for more than five years and began negotiations with Chicago-based Aldens 12 months ago.

### Swiss insurer raises payment

BY JOHN WICKS IN ZURICH

WINTERTHUR, the Swiss insurance group, plans to increase premiums for 1982 following a modest improvement in profits for the year.

Winterthur Swiss Insurance is increasing its payment from SwFr 46 a share to SwFr 50 and Winterthur Life Insurance is paying SwFr 80 a share, against SwFr 70 in 1980.

Consolidated profits of the combined group went up from

SwFr 68.5m to SwFr 71.8m (\$36.8m) last year. Joint premium income rose by 3.8 per cent to SwFr 3.85bn, or by 10.6 per cent in terms of local currencies.

Winterthur Swiss Insurance improved net earnings slightly from SwFr 62.4m to SwFr 63m, an increase in investment income more than offsetting unsatisfactory underwriting results.

### INTERNATIONAL APPOINTMENTS

#### President of Hertz Europe

• Mr Freddy M. Deillis has been appointed president of HERTZ EUROPE with responsibility for the company's operating network in Europe, Africa and the Middle East. Mr Deillis has held previous management posts with Hertz in Benelux, Scandinavia and the U.S. Mr Austin Reid has been appointed division vice-president finance and administration and Mr John Hemby division vice-president sales and marketing.

• Mr Gordon L. Stoeck will become president and chief operating officer of LITTON INDUSTRIES on June 3. A former deputy head of Litton's business systems and equipment operations, Dr Hoch was president and chief executive officer of Intersil.

• REDMAN HEINAN INTERNATIONAL has appointed Mr David Hunter as executive director of its test plant division. From his base in Tokyo, Mr Hunter will be responsible for developing the Far Eastern and North American markets for the RHI test plant division products.

Mr Hunter was commercial director of Froude Engineering, a member of the RHI group of companies.

• Dr Nicolas J. Baer, of Bank Julius Baer, has been elected

chairman of the ZURICH STOCK EXCHANGE as successor to Mr Hans-Rudolf Rahn, of the Raiffeisen and Bodmer Banking house.

Mr Richard Schatz, manager of Union Bank of Switzerland, succeeds Mr Hans-Claud Kessler, central manager of Swiss Bank Corporation as the stock exchange's vice-chairman.

• Mr Joseph D. Brenner is retiring from AMP INC on May 1 and Mr Walter F. Rab, vice-chairman, will succeed him as chairman and chief executive.

Mr Brenner will continue as a director and will be chairman of the board's executive committee.

• Mr Robert F. Slagle has been elected treasurer of ALUMINUM COMPANY OF AMERICA. He succeeds Mr C. E. Pfeifer, who is leaving Alcoa to pursue other business interests. Mr Slagle served as general manager, technology marketing division before being named treasurer.

In 1976, he was named director of Alcoa Alumina, Alcoa's Brazilian affiliate in São Paulo. He returned to Pittsburgh in 1979 as manager of international strategic planning and became general manager—technology marketing division in May 1980. Mr Slagle is a former

director of the Brazilian Aluminum Association.

• Mr Jan van Amerongen has been appointed vice-president, finance, of the best foods unit of CPC NORTH AMERICA. He was executive assistant to the vice-president of marketing of the unit.

• ESTEE LAUDER INC has made the following changes:

Mr Leonard A. Lauder, who has been president of Estee Lauder Inc since 1972, will assume the additional title of chief executive officer. Mr Ronald S. Lauder will continue as executive vice-president of Estee Lauder Inc and will also become chairman of the corporation's products.

• EG&G INC has made the following appointments: Mr Bernard J. O'Keefe, chairman and chief executive officer of EG&G Inc, Mr Joseph F. Turley, president and chief operating officer, The Gillette Company and Mr Kent F. Hansen, associate dean of engineering and Professor of nuclear engineering at the Massachusetts Institute of Technology, have been made

directors. Mr David J. Beaubien, vice-president of new business development, has been elected to senior vice-president. Mr Harold D. Cunningham, general manager of Reynolds Electrical and Engineering Company, has been elected a vice-president. Mr Charles C. Franzen, group vice-president, has been made senior vice-president. Mr Leo M. Reilly, general counsel and clerk of the corporation, has been appointed a vice-president and Mr John M. Kucharski, group vice-president, has been promoted to senior vice-president.

• PARKER HANNIFIN CORPORATION is appointing Mr Paul G. Schloemer president and director on July 1. Mr Schloemer, a group vice-president, will take over from Mr Patrick S. Parker chairman and chief executive, who has been filling in the post.

• FALCONBRIDGE has elected Mr William James as president and chief operating officer, succeeding Mr H. T. Berry, who remains chairman and chief executive officer. Mr James was executive vice-president at Noranda Mines where he was responsible for mining and metallurgical operations.

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

on May 4th 1982, \$U.S.59.03

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

### NORDIC INTERNATIONAL FINANCE B.V.

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For the six months

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the Notes will carry an interest rate of  
154.5% per annum with a Coupon Amount  
of U.S.\$393.96 per U.S.\$5,000 Note, payable on

5th November 1982





1st June 1982

# Upward trend in markets reversed as tension mounts over Falklands—Share index falls 8.8 to 575.4

## Account Dealing Dates

**Optima**  
First Declarer—Last Account Dealings Date Day  
Mar 23 Apr 15 Apr 16 Apr 26  
Apr 19 Apr 28 Apr 29 May 10  
Apr 30 May 13 May 14 May 24  
\*\* New firms' dealings may take place from 9.30 am on two business days earlier.

The first British military setback in the confrontation with Argentina over the Falkland Islands gave a sharp jolt to confidence in London stock markets yesterday. In a marked reversal of sentiment, share prices sustained widespread losses and British Funds recorded falls ranging to 3%.

The increased tension was quickly reflected in leading industrials which were marked down sharply at the opening in the face of some fairly heavy selling. A largely technical rally brought quotations of the lowest, but the recovery movement gradually lost impetus with the tone deteriorating against a backdrop of various adverse rumours concerning the crisis.

Mirroring the prevailing nervousness, the FT 30-share index, down 14.1 at the first calculation, rallied to show a loss of 8 points an hour later before easing afresh to record a fall of 10 points at 3 pm; the close was 575.4, which represented a loss of 8.8 after Tuesday's rise of 9.1.

Overall, the trend was to lower levels, rises and falls in FT-quoted industrial stocks reversed.

Escalating military action in the previous day's pattern with the former yesterday in a near 7-to-2 minority. Unsettled by General Accident's first-quarter loss, Composite Insurance shares turned dull, while Engineering Stores an 40bns also closed with above average losses. The FT-Actuaries' three main indices gave up about 1.2 per cent with the All-share at 328.52.

Gilt-edged securities also passed a tense trading session. Reflecting the Falklands developments, longer dated stock opened around 1% lower and rallied to near overnight closing levels before easing afresh to close with falls ranging to 1%. Losses in the short extended 1% and the Government securities index gave up 0.31 to 87.67.

## Gen. Accident fall

The shock disclosure of a first-quarter deficit of £11.1m because of escalating underwriting losses depressed General Accident which fell to 286p before closing 8 down at 290p. Other Composite Insurances were marked down in sympathy but ended above the day's lowest in places. Eagle Star lost 8 at 353p and Sun Alliance cheaped 4p to 80p, after 28p. Phoenix also relinquished 4 to 283p and Commercial Union closed a few pence off at 124p, after 124p. Royals picked up from 32p to finish only a penny easier on balance at 32p.

Marked defensively lower at the outset, leading Buildings steadied to close with modest losses on balance. Blue Circle finishing 2 cheaper at 423p, after 478p. Among the companies reporting, P. C. Henderson touched 184p before closing a net 8 up at 180p following the annual results, but John Nowell, a good market on Tuesday, relinquished 4 to 208p, the increased preliminary profits discontinued. The higher profits and dividend helped Aberdeen Construction to add 2 to a 1982 peak of 226p.

After opening lower at 315p, ICI rallied to 324p before drifting off again to close 6 down on balance at 320p. Renshaw put on 5 for a two-day gain of 10 to 162p in response to the chairman's preliminary results.

I. Samburys, a strong market recently, touched 655p on the excellent preliminary results and 100 per cent scrip issue proposed before drifting off to close 5 cheaper on balance at 643p. Other leading Fonds met little selling. Cadbury, Schweppes losing 2 to 102p and United Biscuits to 112p. Nervous offerings in front of today's interim results slipped 10 from British Sugar to 490p.

Channel Tunnel stood out in miscellaneous industrials with a rise of 40 to 170p in response to a Press report predicting that the "channel link" project will get the official go-ahead in two weeks time. Sothebys revived with a gain of 10 to 333p but selling ahead of early next month left De La Rue down 20 at 545p. Fisons Minsep dipped 10 to 205p following further consideration of the results. British Aerospace relinquished 5 at 200p and Mariner 12 to 103p.

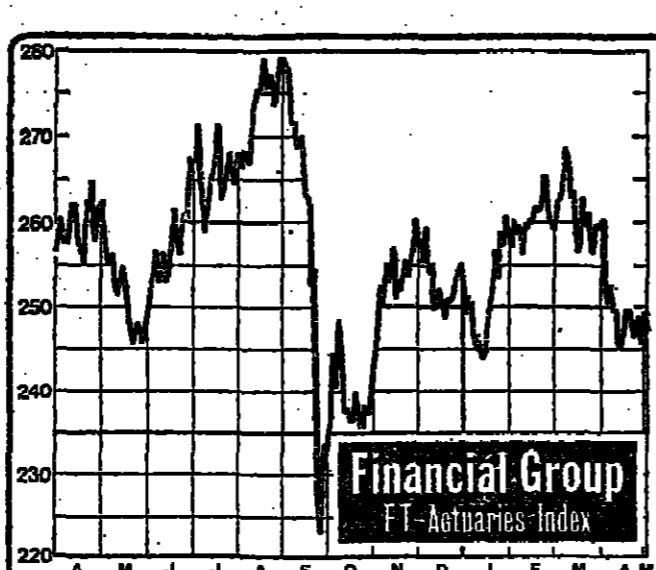
P & O Deferred attained a 1982 peak of 145p before settling for a net gain of 3 to 143p following preliminary profits some £5m in excess of market expectations.

Other Shipping remained relatively static although Ocean Transport were noteworthy at 119p up 3.

Tobaccos were briskly traded. Bats succumbed to renewed selling reflecting its sizeable interests in the Argentine and gave up 10 to 450p, while Imperial shed a couple of pence to 96p.

Rothmans International, on the other hand, advanced 5 to 95p amid revived rumours of a bid from Philip Morris of the U.S.

The popular Electricals majors closed with falls ranging to 13



the South Atlantic prompted a fresh fall of 5 to 395p in Lloyds on revised fears that the bank's substantial Argentinian assets might be frozen. Other major clearers were also dull with Nat West particularly vulnerable at 403p, down 12. Elsewhere, Smith St Aubyn lost 3 to 349 following poor preliminary figures. Grindlays, at 202p, lost 6 of the previous day's speculative spurt of 13 but Standard Chartered firmed 10 to 635p; the latter shortly ga ex-the 50 per cent scrip-issue.

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The popular Electricals majors closed with falls ranging to 13

after an early mark-down was followed by sporadic nervous selling. Thors EMI fell that much to 420p, while losses of around 7 were seen in GEC, Plessey, 395p, and Racal, 355p. Elsewhere, recent speculative favourite Korda International eased 10 to 300p, after 285p and Telephone Rentals dipped 7 to 313p. Cable and Wireless lost 5 to 247p, while profit-taking in the wake of the second-half profits upside left Sound Diffusion 5 cheaper at 103p. Against the trend, United Scientific advanced 10 to 340p on the Egyptian optics contract.

GKN, 164p, and Tubes, 150p, lost 6 apiece among the dull Engineering leaders. Hawker gave up 4 to 330p and John Brown 3 to 551p, after 53p. Secondary issues displayed an irregular appearance. Mollins closed 8 down at 140p following the chairman's profits warning at the AGM, while Duthie Steels, at 148p, lost 5 of the previous day's jump of 30 which followed the agreed bid from Glynwed. Baden fell 10 to 190p and ML 4 to 230p. Aurora softened a couple of pence of 180p, but Matthew Hall rallied from an initial fall of 10 to 180p, after 180p.

Afton, 211p, rose 10 to 221p, while a final event of 180p to 194p, an improvement on balance at 104p. London Provincial Shop Centres closed 3 cheaper at 442p.

## Oils nervous

Leading Oils met scrappy selling. British Petroleum, rising 2 to 310p and Saudi 4 to 408p. The chairman's statement at the annual meeting made no apparent impact on Lusaco which remained 8 down at 34p. The Humble Grove participants encountered further profit-taking. Carles Capel losing 8 to 173p. Candentes 6 to 204p and Mariner 12 to 103p.

P & O Deferred attained a 1982 peak of 145p before settling for a net gain of 3 to 143p following preliminary profits some £5m in excess of market expectations.

Other Shipping remained relatively static although Ocean Transport were noteworthy at 119p up 3.

Tobaccos were briskly traded. Bats succumbed to renewed selling reflecting its sizeable interests in the Argentine and gave up 10 to 450p, while Imperial shed a couple of pence to 96p.

Rothmans International, on the other hand, advanced 5 to 95p amid revived rumours of a bid from Philip Morris of the U.S.

The popular Electricals majors closed with falls ranging to 13

Research lost 10 at 270p, while Thomas Tilling came on offer at 139p, down 4, and Johnson Matthey gave up 5 at 263p.

Trident TV shed 7 to 78p awaiting the casino licence decision now expected next Monday. Elsewhere in the Leisure sector, Riley Leisure added 24 to 105p on the acquisition of the Lucania chain of smoker clubs for £1.1m.

Among Motor Distributors, T. Cowle added 2 to 321p following the return to profits at the interim stage, but H. Young eased that much to 25p on the proposed 50p-a-share rights issue.

Newspapers finished with widespread falls on moderate selling. Associated, 195p, and Daily Mail, 416p, eased 5 apiece, while Pearson, London, shed 3 to 335p. Elsewhere, Associated Paper continued to attract support and firmed 2 more to a 1882 high of 71p; the interim results are due next Tuesday.

A partial rally from depressed opening levels petered out in Properties and quotations closed at, or near to, the day's lowest.

Land Securities shed 5 to 285p and MEPC 3 to 192p. Hammerson

A remained on offer and gave up 10 more to 545p; the new nil-paid shares lost 5 to 50 premium.

The announcement that the company, through its Australian

subsidiaries, will receive AS8.1m

in final settlement for the sale of its Australian assets to Crown Agents made no apparent impact on Capital and Counties which shed 3 to 125p. Brixton Estates,

a penny cheaper awaiting the preliminary results, steadied on the amount offered and closed unchanged on balance at 104p.

London Provincial Shop Centres closed 3 cheaper at 442p.

## AFTON

Leading Oils met scrappy selling. British Petroleum, rising 2 to 310p and Saudi 4 to 408p. The chairman's statement at the annual meeting made no apparent impact on Lusaco which remained 8 down at 34p. The Humble Grove participants encountered further profit-taking. Carles Capel losing 8 to 173p. Candentes 6 to 204p and Mariner 12 to 103p.

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The popular Electricals majors closed with falls ranging to 13

pressure and fell 50 for a two-day loss of 110 at 270p.

Mining markets continued to retreat in the face of renewed weakness in the bullion price, which gave up \$8 more to \$38.65 at ounce—the first time it has closed below the \$34.00 level since the Argentine invasion of the Falkland Islands.

The sharemarket followed the pattern of recent days with an initial steady opening being followed by persistent small selling and switching from the cheaper-priced marginal issues into the high quality stocks.

The Gold Mines index fell 3.6 more to 238.3, its fifth decline in the last six trading sessions.

Losses in the heavyweights were usually small, but medium and lower-priced stocks showed significant attrition, with Saffron 20 down at 665p, London 27 off at 707p and Harmony 13 cheaper at 182p.

Low London Financials went easier reflecting the recent trend in the bullion price coupled with selling prompted by the weakness in UK equities. Rio Tinto Zinc fell 9 to 119p.

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## CURRENCIES and MONEY

## Sterling weak

Sterling fell in currency markets yesterday reflecting further clashes around the Falkland Islands. Trading remained extremely nervous.

The dollar was also weaker as the market looked towards lower U.S. interest rates. Euro-dollar rates were weaker yesterday.

The Italian lira remained the weakest member of the European Monetary System yesterday followed by the Belgian franc. The D-mark was the strongest member, hovering around its upper divergence limit.

**STERLING** — Trade weighted index \$9.6 against \$9.7 at noon, 29.4 at the opening and 30.1 on Tuesday (\$3.0 six months ago). Three-month interbank 13 per cent (15.7 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month) — Sterling opened at \$1.7940 against the D-mark at DM 4.1860, compared with DM 4.2370. The Swiss franc was also down at DM 1.9642 against DM 1.973. Within the EMS the French franc slipped to DM 35.38 per FFr 100 from DM 35.45 and the Belgian franc was lower at DM 5.51 per FFr 100 from DM 5.518. The close of trading the dollar was quoted at DM 2.3155 reflecting a softer trend in Euro-dollar rates.

**BELGIAN FRANC** — EMS member (second weakest). Trade weighted index 25.3 against 25.7 on Tuesday and 16.7 six months ago. Three-month Treasury bills 13.75 per cent (15.7 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month) — Sterling opened at \$1.7940 against the D-mark at DM 4.1860, compared with DM 4.2370. The Swiss franc was also down at DM 1.9642 against DM 1.973. Within the EMS the French franc slipped to DM 35.38 per FFr 100 from DM 35.45 and the Belgian franc was lower at DM 5.51 per FFr 100 from DM 5.518. The close of trading the dollar was quoted at DM 2.3155 reflecting a softer trend in Euro-dollar rates.

**DOLLAR** — Trade weighted index 11.6 against 11.3 on Tuesday and 10.9 six months ago. Three-month Treasury bills 13.75 per cent (15.7 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month) — Sterling opened at \$1.7940 against the D-mark at DM 4.1860, compared with DM 4.2370. The Swiss franc was also down at DM 1.9642 against DM 1.973. Within the EMS the French franc slipped to DM 35.38 per FFr 100 from DM 35.45 and the Belgian franc was lower at DM 5.51 per FFr 100 from DM 5.518. The close of trading the dollar was quoted at DM 2.3155 reflecting a softer trend in Euro-dollar rates.

**At yesterday's fixing in Brussels the dollar slipped to BFr 43.8150 from BFr 44.0575 and sterling was lower at BFr 79.04 compared with BFr 79.55. It was also lower against the Japanese yen at Yen 13.85 compared with Yen 13.85. D-MARK — EMS member (strongest). Trade weighted index 12.8 against 12.4 on Tuesday and 12.1 six months ago.**

**YEN** — The Belgian Central Bank spent the equivalent of BFr 60 supporting the Belgian franc last week according to figures released yesterday. The Belgian currency has shown a stronger tendency within the EMS but there remains little likelihood of a cut in the discount rate unless the West German authorities reduce their interest rates.

**At yesterday's fixing in Brussels the dollar slipped to BFr 43.8150 from BFr 44.0575 and sterling was lower at BFr 79.04 compared with BFr 79.55. It was also lower against the Japanese yen at Yen 13.85 compared with Yen 13.85. D-MARK — EMS member (strongest). Trade weighted index 12.8 against 12.4 on Tuesday and 12.1 six months ago.**

**CHANGES** — For ECU, therefore positive change denotes # weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

## EMS EUROPEAN CURRENCY UNIT RATES

|                   | ECU     | Currency | % change | from    | % change   | Bank of | Margins  | European | Currency |
|-------------------|---------|----------|----------|---------|------------|---------|----------|----------|----------|
|                   | central | amounts  | central  | central | for        | England | Grossary | rate     | Units    |
|                   | rates   | ECU      | rate     | rate    | divergence | Index   | Changes  | %        |          |
| Belgian Franc ... | 44.8693 | 54.9263  | +0.66    | +0.66   | +1.54      | 11.5    | 1.028307 | 0.568578 |          |
| Danish Krone ...  | 3.10322 | 3.10643  | -0.35    | -0.77   | +1.42      | 11.5    | 1.028307 | 0.568578 |          |
| German D-Mark ... | 2.48185 | 2.38572  | -1.34    | -1.10   | +1.10      | 11.5    | 1.028307 | 0.568578 |          |
| French Franc ...  | 6.19566 | 6.21718  | +0.35    | +0.59   | +1.74      | 11.5    | 1.028307 | 0.568578 |          |
| Dutch Guilder ... | 2.67236 | 2.67404  | -0.97    | -0.73   | +1.56      | 11.5    | 1.028307 | 0.568578 |          |
| Irish Punt ...    | 0.62897 | 0.62977  | +1.00    | +1.06   | +1.06      | 11.5    | 1.028307 | 0.568578 |          |
| Italian Lira ...  | 1305.13 | 1324.23  | +1.47    | +1.47   | +1.47      | 11.5    | 1.028307 | 0.568578 |          |

Changes are for ECU, therefore positive change denotes # weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

## THE POUND SPOT AND FORWARD

| May 5       | Day's spread  | Close         | One month     | %.     | Three months    | %.     | p.s. |
|-------------|---------------|---------------|---------------|--------|-----------------|--------|------|
| U.S.        | 1.7940-1.8100 | 1.8050-1.8065 | 0.30-0.40 dis | -2.33  | 0.75-0.85 dis   | -1.77  |      |
| Canada      | 2.1982-2.2078 | 2.2052-2.2070 | 0.43-0.53 dis | -1.20  | 1.30-1.30 dis   | -2.27  |      |
| Netherlands | 4.94-4.66     | 4.94-4.65     | 1/4-1/4c pm   | -3.87  | 1/2-5 pm        | -4.52  |      |
| Belgium     | 76.85-79.00   | 76.75-78.25   | 2.25-2.26 dis | -3.00  | 60-65 pm        | -2.92  |      |
| Denmark     | 14.18-14.23   | 14.22-14.25   | 0.25-0.26 dis | -2.00  | 21-24 pm        | -2.00  |      |
| Ireland     | 1.74-1.75     | 1.74-1.75     | 1/4-1/4c pm   | -6.64  | 1.85-1.95 dis   | -1.70  |      |
| Germany     | 1.18-1.20     | 1.18-1.20     | 1/4-1/4c pm   | -4.30  | 1.25-1.35 dis   | -4.42  |      |
| Portugal    | 1.75-1.77     | 1.75-1.77     | 210-230c dis  | -47.23 | 120-150dis      | -32.53 |      |
| Spain       | 165.50-168.75 | 165.50-168.15 | 60-85c dis    | -4.68  | 180-225 dis     | -12.15 |      |
| Norway      | 10.75-10.81   | 10.75-10.81   | 21-24c lire   | -8.27  | 105-111 dis     | -3.56  |      |
| France      | 10.85-10.94   | 10.82-10.94   | 9-12c dis     | -11.52 | 24-28 pm        | -3.70  |      |
| Sweden      | 10.40-10.45   | 10.40-10.45   | 1/4-1/4c pm   | -0.50  | 1.25-1.35 pm    | -0.65  |      |
| Japan       | 422-425       | 422-425       | 2-24c pm      | -5.05  | 26-31 pm        | -4.68  |      |
| Austria     | 25.39-25.55   | 25.45-25.50   | 3-24c pm      | -10.30 | 57-61 pm        | -5.16  |      |
| Switzerland | 3.43-3.51     | 3.43-3.51     | 1/4-1/4c pm   | -1.17  | 10.30-10.35 dis | -1.15  |      |

Belgian rate is for convertible francs. Financial fix 86.00-86.10. Six-month forward dollar 1.20-1.25c dis. 12-month 2.15-2.30c dis.

## THE DOLLAR SPOT AND FORWARD

| May 5       | Day's spread  | Close         | One month     | %.     | Three months    | %.     | p.s. |
|-------------|---------------|---------------|---------------|--------|-----------------|--------|------|
| U.S.        | 1.7940-1.8100 | 1.8050-1.8065 | 0.30-0.40 dis | -2.33  | 0.75-0.85 dis   | -1.77  |      |
| Canada      | 2.1982-2.2078 | 2.2052-2.2070 | 0.43-0.53 dis | -1.20  | 1.30-1.30 dis   | -2.27  |      |
| Netherlands | 4.94-4.66     | 4.94-4.65     | 1/4-1/4c pm   | -3.87  | 1/2-5 pm        | -4.52  |      |
| Belgium     | 76.85-79.00   | 76.75-78.25   | 2.25-2.26 dis | -3.00  | 60-65 pm        | -2.92  |      |
| Denmark     | 14.18-14.23   | 14.22-14.25   | 0.25-0.26 dis | -2.00  | 21-24 pm        | -2.00  |      |
| Ireland     | 1.74-1.75     | 1.74-1.75     | 1/4-1/4c pm   | -6.64  | 1.85-1.95 dis   | -1.70  |      |
| Germany     | 1.18-1.20     | 1.18-1.20     | 1/4-1/4c pm   | -4.30  | 1.25-1.35 dis   | -4.42  |      |
| Portugal    | 1.75-1.77     | 1.75-1.77     | 210-230c dis  | -47.23 | 120-150dis      | -32.53 |      |
| Spain       | 165.50-168.75 | 165.50-168.15 | 60-85c dis    | -4.68  | 180-225 dis     | -12.15 |      |
| Norway      | 10.75-10.81   | 10.75-10.81   | 21-24c lire   | -8.27  | 105-111 dis     | -3.56  |      |
| France      | 10.85-10.94   | 10.82-10.94   | 9-12c dis     | -11.52 | 24-28 pm        | -3.70  |      |
| Sweden      | 10.40-10.45   | 10.40-10.45   | 1/4-1/4c pm   | -0.50  | 1.25-1.35 pm    | -0.65  |      |
| Japan       | 422-425       | 422-425       | 2-24c pm      | -5.05  | 26-31 pm        | -4.68  |      |
| Austria     | 25.39-25.55   | 25.45-25.50   | 3-24c pm      | -10.30 | 57-61 pm        | -5.16  |      |
| Switzerland | 3.43-3.51     | 3.43-3.51     | 1/4-1/4c pm   | -1.17  | 10.30-10.35 dis | -1.15  |      |

Belgian rate is for convertible francs. Financial fix 86.00-86.10. Six-month forward dollar 1.20-1.25c dis. 12-month 2.15-2.30c dis.

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Thursday May 6 1982

## APRIL SURVEY FINDS LITTLE EVIDENCE OF RECOVERY

# Howe too optimistic, says CBI

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITISH manufacturing industry is showing little evidence of any substantial recovery from the recession, the Confederation of British Industry said yesterday.

Sir James Clemenson, chairman of the CBI's economic situation committee and chairman of Reckitt and Colman, the oil group, said the latest survey of industrial trends did not support some of the more optimistic statements which Treasury Ministers have made recently about the prospects of recovery.

"I feel that Government Ministers are understandably taking the sort of line which I would take if I were a politician, which is to look on the

brighter side."

The CBI's latest quarterly trends survey of nearly 1,700 companies, published yesterday, showed some increase in business optimism for the future.

But, he added: "I do not believe that we have come off the bottom to quite the extent that the Chancellor would have us believe. I think he is possibly looking at the brighter side rather than the picture as a whole."

"We believe that we are now bumping along the bottom of the recession."

One important difference between the Treasury's view and that of the CBI is on the immediate prospects for the rebuilding of companies' stocks

which would be one of the most important components in the early phase of recovery.

The Treasury, in its Budget forecast, suggested that restocking would begin in the first half of the year. The CBI says that its survey indicates that stocks will continue to be reduced for the next four months.

The survey also indicates that:

- Investment in manufacturing industry will start to increase this year but will be less for the whole of 1982 than in 1981.
- Confidence about exports has declined a little after a substantial rise since mid-1980.
- Output will change little during the next four months

Details, Page 14

with 91 per cent of firms expecting production to be limited by shortage of demand.

• The numbers employed in manufacturing will continue to fall, with improvements in productivity and a continued moderate trend of costs.

• Companies' liquidity will improve substantially partly reflecting the expectation that they will not have to finance a very large recovery.

In its April Economic Situation Report, the CBI comments: "Although there is clear evidence of strengthening business confidence, business expectations do not point to a strong recovery occurring in the foreseeable future."

Details, Page 14

## Exxon to raise \$500m by bonds

BY PAUL BETTS IN NEW YORK

EXXON, the world's largest oil company, yesterday announced its return to the debt market after eight years to raise up to \$500m (£276.9m) to finance its U.S. operations for the rest of the year.

It plans to raise these funds on the domestic U.S. debt market and the Eurodollar market with a type of security it calls a universal bond.

Its decision to return to the debt market underlines the dramatic changes in the financial fortunes of major oil companies in the face of declining petroleum demand, declining oil prices and declining corporate profitability.

The move comes a few days after Exxon decided to shelter a \$5bn shale-oil project in the U.S. and a week after it reported a 22.5 per cent fall in first-quarter net earnings.

Exxon is taking advantage of a new Securities and Exchange

Commission (SEC) rule. This enables a company to file a single SEC registration statement covering a proposed offering of securities which can then be sold, when conditions seem appropriate, over two years.

The rule relieves most securities issuers of the costly and time-consuming need to register separately with SEC every time they come to market.

The Exxon securities are to be issued by Exxon Finance NV, its Netherlands Antilles subsidiary. Under the so-called new SEC shelf-registration rule 415, the securities, expected to be of short-to-medium-maturity, will be sold periodically, directly to dealers and investors, in minimum purchases of \$100,000.

Other principal U.S. corporations are taking advantage of the rule but none has sought to sell a security in both the U.S. and Eurodollar markets.

A senior Exxon financial official said yesterday the concept of a universal debt security had to be proven. The company believed, however, it would gain flexibility by being able to pay domestic and international markets simultaneously.

The proposed Exxon securities raise tax and distribution issues. Because the securities will be issued from The Netherlands Antilles, interest on them will not be subject to withholding tax as is the case with U.S. securities.

This is no different to traditional Eurodollar bonds and, in any event, U.S. citizens would continue to be subject to U.S. tax on the interest.

However, Exxon, by filing a shelf-registration with SEC, can immediately sell the securities in the U.S. without waiting for the traditional three-month registration period before a new

Eurodollar security can be sold on the U.S. market.

Wall Street bond analysts said Exxon's concept was a new step in debt-financing but were unsure of the market's initial response in view of the sharp differences between the U.S. market and the Eurodollar market.

Mr Jack Bennett, Exxon senior vice-president and director, said yesterday that Exxon expected to spend more on its capital investment programme this year than the \$11.2bn spent last year.

He hoped investors would pay a higher price for the company's new debt securities because they would be more liquid. He expected U.S. interest rates to be more favourable this year, which was why Exxon had filed for SEC registration.

Details, Page 14

## National dock strike may be called off

By David Goodhart and Brian Groom

THE NATIONAL dock strike due to start on Monday may be called off. The docks and waterways committee of the Transport and General Workers' Union decided yesterday to urge that it be suspended.

The recommendation will go before a recalled delegate conference of dockers in London on Saturday. Mr John Connolly, national docks secretary of the TGWU, said the basis for it was a government undertaking to discuss specific union proposals for the inclusion of a non-scheme port in the 1987 national dock labour scheme.

He added that the Falklands crisis had also concerned committed members. "We would not want a strike that might damage our policy in the Falklands."

The docks committee is influential, and its view may well be accepted by the 87 lay delegates at the recalled conference.

However, the Government's offer falls short of the demand for moves towards the inclusion of all non-scheme ports and wharves, made at a conference two weeks ago. Militant ship stewards may argue against accepting it.

The labour scheme is the basis of registered dockers' unique employment rights, which in effect rule out compulsory redundancies.

Registered dockers have been worried about the growth of an unregistered workforce of some 16,000 in over 80 ports outside the scheme, at a time when the registered workforce has declined to 18,000.

They believe it makes the scheme vulnerable to attack and that all dockers' jobs should attract traditional rights.

Mr Connolly did not rule out the possibility of a strike if the Government did not accept union proposals for the inclusion of a so far unchosen port in the scheme. He also claimed that if a strike was necessary, support would be solid.

The acceptance of negotiations over the inclusion of a single port is seen as a step-by-step tactic gradually to bring in as many ports as possible. Mr Connolly said there would have to be serious discussions with the membership before deciding which port was selected for initial negotiations.

The call for the 1987 scheme to be extended to non-scheme ports is a change of tack for the TGWU, which has previously pressed for the dormant 1976 Dock Work Regulation Act to be brought into force. This would have opened up inland freight-handling jobs within half a mile of ports to dockers, as well as bringing in the non-scheme ports.

Dockers who dread a strike, Page 11

## Sainsbury's profits and sales continue to defy recession

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE SALES and profits surge by the J. Sainsbury supermarket chain continued over the past 12 months, according to preliminary figures issued by the company yesterday.

Sainsbury announced pre-tax profits for the year to February 27 of £89.1m, up 35.5 per cent on 12 months before, and sales of £1.05bn, up 22.7 per cent.

For the third successive year Sainsbury has impressed the City by the size of the growth in sales and profits when most retailers have been struggling to cope with the deep recession. In the previous two financial years, Sainsbury's pre-tax profits rose by 41 per cent and 43 per cent respectively, with sales up by 22 and 30 per cent.

Only Marks and Spencer of the main retailers has managed to keep close to Sainsbury's terms of market share for packaged groceries. In the first three months of 1981, Sainsbury's share was estimated

at 13.2 per cent, while Tesco's was 13.7 per cent. However, in January-March this year, Sainsbury's average market share was 14.6 per cent compared to 13.3 per cent for Tesco. More recent figures have shown Sainsbury above the 15 per cent level. Tesco's share is understood to have changed less.

Productivity, measured by sales per employee, also improved by 3.8 per cent over the past year, bringing the five-year productivity increase to 25.5 per cent.

During the past year, Sainsbury created 5,600 new jobs, bringing the total of new jobs over the past two years to 11,000.

In spite of the good profits performance, Sainsbury shares closed at 5p down at 645p, in line with the general market trend.

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## Navy lacks defence

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that the government would not have finally decided to develop a new system if the current one had been successful.

Other missiles carried by the task force—such as the Seaslug and Seacat, anti-aircraft weapons without an anti-missile capability. Some warships are equipped with decoy systems—such as the Chaff—intended to deflect missiles from their target. It must be assumed that at least the more modern vessels also have the ability to jam the active radar-homing devices of Exocet missiles.

Again, however, experts disagree as to the effectiveness of such devices.

Behind this apparently serious lack of defence against sea-skimming missiles lies, as Mr Nott said, the lack of a Soviet threat in that particular area.

There was a protracted debate within the Ministry of Defence involving two rival systems of lightweight tracking radar for the Sea Wolf—which would be resigned to enable the missile to pick up and "kill" the Exocet in its sea-

skimming phase.

One system, the VM 49, has been developed by British Aerospace and the Dutch Hollandse Signaal Apparatuur. The other is Marconi's ST 805 SW.

Stiff competition between the two rival systems, together

with the effects of the defence review last June, delayed decisions within the Ministry until February.

Marconi was then awarded a contract, estimated to be worth some £40m, which is believed to envisage the start of production in about two-three years.

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## Financial markets

selling, the market recovered with the index down eight points only. It closed 8.8 points down, at 575.4.

Gilt-edged securities showed falls ranging from 1% in longer-dated securities and losses in short-dated securities ranged to 1%. The Government securities index fell 0.31 to 67.67.

Alan Friedman adds: Venezuela, Latin America's largest depositor in London, is reported to be withdrawing substantial sums from the UK. A senior Venezuelan banker said last night Venezuela and several of its state agencies were placing in other centres it would be recycled eventually to the London market.

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## Haig

minster. They told the whips that they would not support the Government if there was any direct military attack on airfields on the Argentine mainland.

The White House said that British requests for material support so far had been modest, involving only fuel for the naval task force. It added that the U.S. was ready for talks in any "formal or venue".

The State Department has no confirmation of reports of a major new battle in the South Atlantic and would not take a position on the Irish Government's request for a UN Security Council meeting.

## BR to introduce low fares on London-Scottish route

BRITISH RAIL is to introduce, on May 17, a range of low first-class fares for non-sleeper travel every night between London and Scotland.

Responding to competition from cut-price coach operators, BR will offer one-way journeys to and from London at about a third of the ordinary first-class fare. The new fares are: Edin-

burgh, Glasgow and Falkirk £12, Dundee and Kirkcaldy £14, Aberdeen £16. Children under five will travel free those from five to 16 at half-price.

Each night of the week, the "Nightrider" train will leave King's Cross at 2205 hours, its different sections calling at Edinburgh (0542), Falkirk (0655), Glasgow (0724), Kirk-

## Mexico to seek loan of over \$2bn

By Alan Friedman

MEXICO will announce today plans to seek between \$2bn and \$2.5bn (£1.1bn-£1.4bn) through an international syndicated loan bearing significantly higher interest margins than in previous deals.

The announcement will be made in New York by Sr Angel Gurria, director of Mexico's external public debt, at a meeting of U.S. and Japanese banks. He will visit London on Monday to seek the participation of European and Middle East banks in the credit.

Today's meeting of Mexican Finance Minister officials and bankers has been arranged by the Bank of America, which is co-ordinating the loan. The loan will provide two tranches, of three years and seven years

levels of midday last Friday.

The London financial markets were highly nervous yesterday in the aftermath of the sinking of HMS Sheffield, but the fall in prices was relatively modest. Sterling, although weaker overall, was flattered by the very soggy dollar, and gilt-edged and equities simply dropped back to the pre-war levels of midday last Friday.

The fleeting glimpse on Friday evening of where prices might go in a happier world continues to beckon the bulls, and there is plenty of talk about high institutional liquidity. But if the Prime Minister's position weakens further

—as measured by the local elections as well as in Parliament—liquidity could go on building up for a long-time.

## General Accident

The stock market had braced itself for very poor first-quarter figures from General Accident, but the reported result, a pre-tax loss of £11.1m compared with a profit of £19.3m, was still about £15m ahead of the more pessimistic estimates.

One banker involved in the Mexican borrowing said the deal marked "a new realism in which Mexico is accepting the current attitude towards developing nations which have a high level of debt."

Mexico's total external debt amounts to around \$65bn, of which public sector borrowing is close to \$50bn. The country has been struggling with a depreciating currency, record inflation of more than 60 per cent this year, falling oil sales and declining oil prices and a huge public sector deficit.

The last large Mexican government international loan was a \$700m eight-year credit last summer, bearing a spread of 14 percentage points over Libor. In a recent \$20m credit for Pemex, the Mexican energy concern, the rate paid over four years was 4 per cent above Libor.

Volume growth in the estate

lashed Southern stores, the foundation of Sainsbury's success over the past three years, is at last beginning to flag as the increase in opening hours and sales per square foot reach their physical limits. The store opening programme will eliminate cash balances in the course of this year. But Sainsbury could manage 20 per cent sales growth on the back of new openings and the gap between cost inflation and food price inflation will narrow. So 1982 profits are not just a day dream.

P & O

P & O's share price shot up last November as takeover speculation ran wild. No bids have been forthcoming, but the full year outcome has gone a long way to justifying the question.

Sainsbury

Flaunting figures from J. Sainsbury are fast becoming a matter of routine and, after

the question.

## THE LEX COLUMN

# GA's quarter of accidents

Index fell 8.8 to 575.4

